

1 Adopt 2 Cal. Code Regs., Section 18702.5 to read:

2 **§ 18702.5. Materiality Standard: Financial Interest in an Official's Personal Finances.**

3 (a) A governmental decision's reasonably foreseeable financial effect on a public  
4 official's financial interest in his or her personal finances or those of immediate family, also  
5 referred to as a "personal financial effect," is material if the decision may result in the official or  
6 the official's immediate family member receiving a financial benefit or loss of \$500 or more in  
7 any 12-month period due to the decision.

8 (b) Notwithstanding subdivision (a), a personal financial effect is not material if the  
9 decision would:

10 (1) Affect only the salary, per diem, or reimbursement for expenses the public official or  
11 a member of his or her immediate family receives from a federal, state, or local government  
12 agency unless the decision is to appoint (other than an appointing decision permitted under  
13 subdivision (b)(2) and (3)), hire, fire, promote, demote, suspend without pay or otherwise take  
14 disciplinary action with financial sanction against the official or a member of his or her  
15 immediate family, or to set a salary for the official or a member of his or her immediate family  
16 which is different from salaries paid to other employees of the government agency in the same  
17 job classification or position, or when the member of the public official's immediate family  
18 member is the only person in the job classification or position.

19 (2) Appoint the official to be a member of any group or body created by law or formed by  
20 the official's agency for a special purpose. However, if the official will receive a stipend for  
21 attending meetings of the group or body aggregating \$500 or more in any 12-month period, the  
22 effect on the official's personal finances is material unless the appointing body posts all of the  
23 following on its website:

- 1           (A) A list of each appointed position and its term.
- 2           (B) The amount of the stipend for each appointed position.
- 3           (C) The name of the official who has been appointed to the position.
- 4           (D) The name of any official who has been appointed to be an alternate for the position.
- 5           (3) Appoint the official to be an officer of the governing body of which the official is  
6 already a member, such as a decision to appoint a city councilmember to be the city's mayor.
- 7           (4) Establish or change the benefits or retirement plan of the official or the official's  
8 immediate family member, and the decision applies equally to all employees or retirees in the  
9 same bargaining unit or other representative group.
- 10          (5) Result in the payment of any travel expenses incurred by the official or the official's  
11 immediate family member while attending a meeting as an authorized representative of an  
12 agency.
- 13          (6) Permit the official's use of any government property, including automobiles or other  
14 modes of transportation, mobile communication devices, or other agency-provided equipment for  
15 carrying out the official's duties, including any nominal, incidental, negligible, or  
16 inconsequential personal use while on duty.
- 17          (7) Result in the official's receipt of any personal reward from the official's use of a  
18 personal charge card or participation in any other membership rewards program, so long as the  
19 reward is associated with the official's approved travel expenses and is no different from the  
20 reward offered to the public.
- 21          (c) If the decision would have a reasonably foreseeable financial effect on the official's  
22 financial interest in a business entity or real property, any related effect on the official's personal

1 finances is not considered separately. The financial effect on the business entity or real property  
2 is analyzed only under the respective materiality standards in Regulations 18702.1 and 18702.2.  
3 Note: Authority cited: Section 83112, Government Code. Reference: Sections 87100, 87102.5,  
4 87102.6, 87102.8 and 87103, Government Code.