Lobbying Disclosure Information Manual

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California Fair Political Practices Commission
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Introduction

California's Political Reform Act ("Act") was adopted by voter initiative in 1974 and has been periodically amended by legislation and ballot measures. California's lobbying disclosure reports, as this manual describes, provide the public with the identity of persons who make payments for the purpose of influencing the actions of the California State Legislature, the actions of the Governor in approving or vetoing legislation, and quasi-legislative actions of California state agencies, including the Governor's office.

This manual provides important information on lobbying disclosure rules for five types of filers:

- Lobbyists;
- Lobbying Firms;
- Lobbyist Employers;
- Lobbying Coalitions; and
- $5,000 Filers.

This manual is merely a guide that the Fair Political Practices Commission (FPPC) adopts. The Act, FPPC regulations, and opinions are the controlling legal authorities.

If you need assistance, the FPPC provides advice by email and by a toll-free telephone advice line. The FPPC does not provide third party advice or advice on past conduct. In addition, the FPPC website (www.fppc.ca.gov) contains forms, manuals, and a wealth of other helpful information.

Email Advice	Telephone Advice
advice@fppc.ca.gov (24-48 hour response time)	1-866-ASK FPPC (1-866-275-3772) Monday - Thursday, 9:00 am - 11:30 am

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Lobbying Advice:

The FPPC provides advice on questions about reporting activity expenses, as well as general reporting rules the Act and FPPC regulations require. All forms are filed with the California Secretary of State. Therefore, questions regarding report filing instructions, including the electronic filing (e-filing) procedures should be directed to that agency: www.sos.ca.gov.

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Lobbying Filer: Qualification Rules

This chapter identifies persons who the Act requires to disclose lobbying activity. You will find the qualifications that each type of lobbying filer must meet as well as user-friendly examples. This chapter also provides common exceptions, as not every person who communicates with state officials must file reports.

A. General Definitions

The following definitions describe what one might commonly refer to as "lobbying" and provide guidance for later discussions of the terms "lobbyist," "lobbying firm," "lobbyist employer/lobbying coalition," and "$5,000 filer."

Direct Communication

An individual engages in "direct communication" when he or she appears as a witness before, talks to (either by telephone or in person), corresponds with, or answers questions or inquiries from any qualifying official, either personally or through an agent who acts under the individual's direct supervision, control or direction.

"Direct communication" **does not include:**

- Any request for or provision of purely technical data or analyses to an administrative agency by a person who does not otherwise engage in direct communication for the purpose of influencing legislative or administrative action; or
- Meeting or speaking with a qualifying official in the company of a registered lobbyist who the individual retains, the individual's employer, or by a bona fide trade association or membership organization of which the individual or individual's employer is a member.

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Administrative Testimony

"Administrative testimony" means influencing or attempting to influence administrative action by acting as counsel in, appearing as a witness in, or providing written submissions, including answers to inquiries, which become part of the record of:

- Any regulatory or administrative agency proceeding that is conducted as an open public hearing for which public notice is given, of which a record is created in a manner that makes possible the creation of a transcript, and where full public access is provided to such record or transcript and to all written material that is submitted to become part of the record.

- Certain proceedings of the California Public Utilities Commission.

Influencing Legislative or Administrative Action

"Influencing legislative or administrative action" means communicating directly or taking any other action for the principal purpose of supporting, promoting, influencing, modifying, opposing, delaying, or advancing any legislative or administrative action.

Legislative action: The drafting, introduction, consideration, modification, enactment, or defeat of any bill, amendment, report, nomination or other matter by the Legislature. "Legislative action" also includes the action of the Governor in approving or vetoing any bill.

Administrative action: The proposal, drafting, development, consideration, amendment, enactment, or defeat by any state agency of any rule or regulation. It also includes actions in certain ratemaking proceedings and quasi-legislative proceedings.

With regard only to placement agents, administrative action includes a state agency's decision to enter into a contract to invest state public retirement system assets on behalf of a state public retirement system.

Quick Tip!

Although the Act only considers direct communication for purposes of qualifying as a lobbyist or lobbying firm, once an individual or entity qualifies as a lobbyist or lobbying firm, the individual or entity must report other types of lobbying expenses, such as payments for administrative testimony.

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B. Lobbyists

An individual will qualify as a lobbyist upon receiving:

> ***Compensation*** (other than reimbursement for reasonable travel expenses) ***for directly communicating with a qualifying official*** (other than administrative testimony) ***when trying to influence legislative or administrative action*** (such as bills, regulations and state pension contracts).

An individual will qualify as a lobbyist if he/she meets one of these tests:

In-House Lobbyists – Individuals who lobby on behalf of their employers *only*, who are compensated for their time, and who spend at least **one-third** of that time in a calendar month in direct communication with qualifying officials.

Contract Lobbyists – Individuals who lobby for someone other than their employers and receive or are entitled to receive **$2,000 in a calendar month** for "direct communication" with qualifying officials.

Placement Agents – Individuals should review the definition of "placement agent" in Section 82047.3. The following only highlights general provisions of the definition and should not be used in place of reviewing the entire statute.

A placement agent includes an individual hired, engaged, or retained by, or serving for the benefit of or on behalf of, an external manager, or on behalf of another placement agent, who acts or has acted for compensation as a finder, solicitor, marketer, consultant, broker, or other intermediary in connection with the offer or sale of the securities, assets, or services of an external manager to a board or an investment vehicle, either directly or indirectly.

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Exceptions:

- Certain individuals who spend one-third or more of their time during a calendar year managing the securities or assets the external manger holds;

- Certain individuals who are affiliated with an external manager who is registered as an investment adviser or broker-dealer with the Securities and Exchange Commission (SEC), who participates in a competitive bidding process, and who agrees to a defined fiduciary standard of care.

Ex 1.1 - Gail West is a partner with the CJW Law Firm. Gail lobbies bills on behalf of several clients. She frequently engages in direct communication with various legislators and their staff. In January, she receives $4,200, $2,000 of which she attributes to direct communication. Gail qualifies as a contract lobbyist under the "compensation test" and must prepare a lobbyist certification report and file quarterly reports. In addition, CJW must register and file quarterly reports as a lobbying firm. Any client who authorizes the CJW Law Firm to lobby must also file authorization forms and quarterly reports as lobbyist employers, regardless of the amount they pay.

Ex 1.2 - Joe Nelson, an independent contractor, receives $1,500 from the ABC Corporation and $700 from a trade association to engage in direct communication with legislators on their behalf. Joe qualifies as a contract lobbyist and must register as a lobbying firm and a lobbyist. The compensation test does not require receipt of $2,000 from a single client. Joe's clients will also register as lobbyist employers and file reports.

Ex 1.3 - Maya Gomez is the EAB Corporation's legislative coordinator. In May, Maya spends one-third of her compensated time testifying at legislative hearings and speaking on the telephone with legislative and agency officials concerning several legislative bills and state agency regulations. Maya qualifies as an in-house lobbyist and must prepare a lobbyist certification and file quarterly reports. In addition, EAB Corporation must register and file quarterly reports as a lobbyist employer.

Who is Not a Lobbyist?

- An individual who only engages in activities to secure a grant, contract (other than a state pension contract), or permit from a state administrative agency and does not otherwise attempt to influence legislative or administrative action.

- An individual who lobbies on a voluntary (unpaid) basis.

- An individual who only receives reimbursement for reasonable travel expenses incurred in connection with lobbying state public officials.

- A state agency employee or a consultant designated in a state agency's conflict-of-interest code who acts within the scope of his or her duties or contract. Such individuals, however, are subject to the $10 per month gift limit.

- An individual representing a bona fide church or religious society solely for the purpose of protecting the public's right to practice the doctrines of that church.

- An individual representing a newspaper or other periodical of general circulation, book publisher, or radio or television station that, in the ordinary course of business, publishes or airs items urging legislative or administrative action. This exception does not apply when the newspaper, book publisher, or station engages in any additional activities in connection with influencing legislative or administrative action.

- An individual who only lobbies federal, county, multi-county (e.g., BART), local special districts, or city government agencies.

- An individual who engages only in administrative testimony.

Ex 1.4 - MBI Corporation hired Norman Nickels for the sole purpose of securing a contract with the Department of General Services to provide computer services. Norman is not subject to either the compensation or time tests because the Act does not consider such activity "influencing legislative or administrative action."

Ex 1.5 - An attorney receives $2,500 for appearing before the State Clean Air Advisory Board and providing expert testimony that becomes a part of the Board's record. The Board publicly notices, transcribes, and conducts the meeting as an open public hearing. As long as the attorney's paid services are limited to administrative testimony, the attorney does not qualify as a lobbyist.

Ex 1.6 - The executive director of a trade association was engaged in activities in Sacramento during a calendar month. He spent one-third of his compensated time writing and presenting administrative testimony at a state agency public hearing and also several hours meeting directly with legislative staff. The director does not qualify as a lobbyist because the time he spent on administrative testimony does not count toward the compensated "time" test and his time talking to legislative staff was less than one-third of his time in a calendar month.

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C. Lobbying Firms (Including Individual Contract Lobbyists)

A lobbying firm is:

An individual (other than an in-house lobbyist) ***or a business entity that is compensated*** (other than reimbursement for reasonable travel expenses) ***for directly communicating with a qualifying official*** (other than administrative testimony) ***when trying to influence legislative or administrative actions*** (such as bills, regulations and state retirement board contracts).

An **individual** may qualify as a lobbying firm in two ways:

- The individual is a lobbyist compensated for lobbying on behalf of someone other than the individual's employer (such as independent contractors); **or**

- The individual is a lobbyist compensated for lobbying on behalf of the individual's employer AND someone else.

Ex 1.7 - Robert Rogers is an in-house lobbyist for the Association of International Roofing Contractors. During the third quarter of the calendar year, the Dome Corporation pays Robert to lobby a bill on its behalf. Robert, though still an employee of the Association, must register as an individual contract lobbyist (lobbying firm) and disclose on his Form 625 quarterly reports the payments received from the Dome Corporation and his compensation for lobbying services provided on behalf of the Association. The Association must file an Amendment, Form 605, deleting him as an in-house lobbyist, and complete an Authorization Form, Form 602 (Lobbyist Employer).

Ex 1.8 - Megan Moen was a lobbyist for Communications, Inc., a lobbying firm. She left to work as a lobbyist for another lobbying firm, Capital Services. Communications, Inc. wants to retain Megan directly (not Capital Services) to lobby on behalf of one of its clients. To lobby for clients of both Capital Services and Communications, Inc., Megan must register as a separate lobbying firm. Her lobbying firm would indicate that it is a subcontractor to Communications, Inc. and Capital Services.

For the public to easily determine all of the clients of an individual lobbyist, the lobbyist is not registered separately with different clients, rather the lobbyist's clients are associated with the lobbyist's registration.

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A **business entity** may qualify as a lobbying firm when:

- The entity receives or is entitled to receive compensation for lobbying; and at least one employee, partner, owner, or officer is a lobbyist; **or**

- The entity receives at least $5,000 in a calendar quarter for lobbying; and at least one employee, partner, owner, or officer directly communicates with reportable officials on behalf of a client (even if no one in the firm is a lobbyist).

Ex 1.9 - Camptown Corporation hired the lobbying firm of Johnson Communications to present administrative testimony. Camptown does not employ an in-house lobbyist. By retaining a lobbying firm, however, Camptown qualifies as a lobbyist employer. Prior to engaging in any lobbying activity, Johnson Communications must add Camptown to its registration statement. Camptown must complete an authorization statement and file quarterly lobbying reports.

D. Lobbyist Employers

A lobbyist employer is any individual, business entity, association, local government agency, or other organization, other than a lobbying firm, that:

- Directly employs an in-house lobbyist to influence or attempt to influence legislative or administrative action; or

- Retains a lobbying firm to engage in direct communication for the purpose of influencing or attempting to influence legislative or administrative action.

Ex 1.10 - Wayne Butterfield's principal duties include direct communication to influence legislative or administrative action on behalf of his employer, the Association of Preservationists. Because Wayne spends one-third or more of his time lobbying in a calendar month, he qualifies as a lobbyist and the Association a lobbyist employer.

Ex 1.11 - Lansdown International contracts with Pickett & Winnit, a public relations firm. On Lansdown's behalf, Pickett & Winnit hires the lobbying firm of Capital Crusaders to lobby a tax-related bill. Pickett & Winnit makes payments to Capital Crusaders for its lobbying services and Lansdown reimburses. As a lobbyist employer, Lansdown must provide Capital Crusaders with an authorization statement and file quarterly lobbying reports. Both Lansdown and Capital Crusaders must disclose on the quarterly disclosure statements that Pickett & Winnit made and received payments. Pickett & Winnit is not required to register or report the payments because Pickett & Winnit does not lobby but instead has hired Capital Crusaders to lobby on Lansdown's behalf.

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Who is Not a Lobbyist Employer?

- A person who only makes payments to a lobbying coalition is not required to file lobbyist employer reports. Such a person is required, however, to file reports as a "$5,000 Filer" if the person makes payments to a lobbying coalition totaling $5,000 or more during a calendar quarter.

- A person who hires an entity (that is not a lobbying firm) for the sole purpose of providing administrative testimony.

- A person who hires a lobbying firm for the sole purpose of monitoring and/or drafting legislation.

Ex 1.12 - The Recycle Now Corporation makes a payment to a law firm that is not a lobbying firm, to prepare and present testimony for a public hearing of the California Integrated Waste Management Board. Except for the testimony that becomes part of the public record at the hearing, the firm does not communicate with officials. Because the payment to the law firm is only for administrative testimony, Recycle Now does not qualify as a lobbyist employer.

E. Lobbying Coalitions

A lobbying coalition is a group of **ten** or more persons or entities formed primarily to influence legislative or administrative action whose members make payments to the coalition for the purpose of sharing the expenses of employing a lobbyist or contracting for the services of a lobbying firm.

Ex 1.13 - Fifteen manufacturers pool their funds and contract with the Best Lobbying Firm to lobby legislation. The group qualifies as a lobbying coalition and must complete the authorization statement, Form 602, and file quarterly lobbying reports disclosing payments to the lobbying firm as well as payments received from the coalition members. But each manufacturer is not required to file lobbying reports.

Who is Not a Lobbying Coalition?

- A bona fide federation, confederation, trade association, or labor or membership organization that is ongoing in nature and whose membership services are not limited to influencing legislative or administrative action. Such an organization will qualify as a lobbyist employer if it employs an in-house lobbyist or makes payments to a lobbying firm.

- A group consisting of fewer than ten persons or entities formed primarily to influence legislative or administrative action whose members make payments for the purpose of sharing the expenses of employing a lobbyist or contracting for the services of a lobbying firm. Each of the persons or entities, however, will qualify as a lobbyist employer.

Ex 1.14 - Eight companies pool their funds to hire a lobbying firm for the purpose of influencing a legislative bill. The companies plan to have more entities pay toward the lobbying firm's expenses. Until there are ten companies making payments to the lobbying firm, the entities do not qualify as a lobbying coalition, but do qualify separately as lobbyist employers. Each of the eight companies must file the authorization statement, Form 602, and file quarterly lobbyist employer reports, Form 635.

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Lobbying coalitions and lobbyist employers have common reporting obligations so examples of lobbying coalition disclosure requirements are incorporated with the lobbyist employer sections of this manual.

Lobbying coalitions must file an attachment, Form 635-C, with each quarterly filing. In addition, a coalition member must file an attachment, Form 630, with each quarterly filing if the coalition member files reports as a lobbying firm, lobbyist employer, or $5,000 filer.

F. Persons Who Spend $5,000 or More to Influence Legislative or Administrative Action

"$5,000 Filers"

Persons (including business entities, associations, and other organizations) who do not employ an in-house lobbyist or contract with a lobbying firm, but who directly or indirectly make payments of $5,000 or more in any calendar quarter to influence or attempt to influence legislative or administrative action, have disclosure obligations. The following types of payments must be aggregated to determine if the $5,000 threshold has been met:

- Payments for or in connection with direct communication with state officials;
- Payments for or in connection with soliciting or urging other persons to enter into direct communication with state officials;
- Payments to an organization, other than regular dues payments, for the purpose of hiring a lobbyist;
- Payments to a lobbying coalition; and
- Payments that directly or indirectly benefit state officials or members of their immediate families ("activity expenses"), but only if other payments to influence are made during the same calendar quarter.

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For purposes of determining whether a person qualifies as a $5,000 filer, compensation the person pays to an employee (other than a lobbyist or an employee that provides clerical, secretarial, manual, or statistical services) must be counted if the employee spends 10% or more of his or her compensated time in a calendar month in connection with the activities described above.

All payments for travel and expenses a person incurs in connection with these activities, however, must be counted whether or not the employee spends 10% of his or her time on lobbying activities.

Persons who qualify as $5,000 filers must file the Report of Person Spending $5,000 or More to Influence Legislative or Administrative Action, Form 645, for each calendar quarter in which the person spends $5,000 to influence legislative or administrative action. No paper copy is required as this report is filed electronically.

Ex 1.15 - In February, the Valencia Corporation sends an employee to Sacramento to testify before the legislature. The employee spends more than 10% of his or her time during the month preparing and presenting the testimony and the associated expenses exceed $5,000. The corporation qualifies as a $5,000 filer and must file a report for the first quarter, January 1 - March 31.

Ex 1.16 - In April, the Association of Valley Growers pays for newspaper advertisements urging readers to communicate with the Governor for a legislative veto. The total cost of the advertisements exceeds $5,000 during the second calendar quarter. The Association qualifies as a $5,000 filer and must file a report for the second quarter, April 1 - June 30.

Ex 1.17 - The Association of Preservationists is a lobbyist employer and pays its in-house lobbyist from the general membership dues fund. In one quarter, however, the Association receives $6,000 from each member as a special assessment to pay a lobbying firm. Those members that paid the assessment will each qualify as a $5,000 filer.

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Answering Your Questions

A. I work for a public relations firm. On behalf of a client, I attend meetings to discuss with legislators the client's positions on legislative issues and am accompanied by the client's contract lobbyist. Must I count the time at these meetings toward qualifying as a lobbyist?

Yes, as you are engaging in "direct communication." Although the client's lobbyist accompanies you, the exception for engaging in direct communication in the presence of a lobbyist only applies to the client, employees of the client, or, when the client is an association, members of the association.

B. The Department of Housing and Community Development has just requested proposals from building contractors to provide a number of low- and moderate-income housing units throughout the state. We would like to bid on the contract. Because we are trying to influence the decisions of an administrative agency, are we engaged in lobbying?

No. While the Department is an administrative agency, awarding a contract is not considered administrative action. **Exception:** With regard only to placement agents, administrative action includes the decision by a state agency to enter into a contract to invest state public retirement system assets on behalf of a state public retirement system.

C. Our agency is supporting an Indian gaming compact. To do so, we will contact the Governor's office and discuss why we think the Governor should sign the compact. Is this lobbying?

Yes. Indian gaming compacts have been determined to be administrative actions, and the Governor's office is an administrative agency for this purpose. Therefore, attempting to influence the Governor concerning these compacts qualifies as lobbying.

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D. Would an individual qualify as a lobbyist if he or she were paid $2,000 or more in a calendar month to meet with senators and their staff regarding an executive branch appointment that must appear before the Senate for confirmation?

Yes. This is direct communication to influence a legislative action.

E. Is lobbying the Governor and the Governor's staff regarding an executive branch appointment considered influencing legislative or administrative action?

No. The Governor's action to make an appointment is not an administrative action. But, it is a "legislative action" if an individual appears before a Senate hearing for confirmation, so lobbying the legislature to support or oppose an appointment is a qualifying event.

F. Is compensation for travel time and preparation work for the purpose of influencing legislative or administrative action counted for purposes of determining whether an individual qualifies as a lobbyist?

Only the compensation (e.g., salary) an individual receives while engaging in **direct communication** is counted to determine if an individual qualifies as a lobbyist. Payments for travel and preparation time, and for actual travel expenses (e.g., airline tickets), do not count.

G. Will an entity qualify as a lobbying firm if, in a calendar quarter, the entity receives $4,500 from a client for testifying before a hearing of the State Legislature and $600 for travel expenses?

No. Because payments for reasonable travel expenses do not count toward qualifying as a lobbying firm, the firm will not have met the qualifying threshold of $5,000.

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H. May an entity file registration forms as a lobbying firm even if it has not yet qualified as a lobbying firm?

Yes. The Act does not prohibit an entity that engages in direct communication with legislative and administrative officials from filing the registration forms even if the entity has not met the regulatory requirements.

I. Once an individual qualifies as a lobbyist, are travel expenses incurred for the purpose of influencing legislative or administrative action reportable?

Yes, these and other expenses are reportable once an individual has qualified as a lobbyist.

J. Will a member of a bona fide association become a lobbyist employer by making regular dues payments to the association, some portion of which is used for lobbying activity?

No. A member of an association will not qualify as a lobbyist employer by making regular dues or similar payments for membership in a bona fide association, even if the association uses a portion of the dues or similar payments to employ a lobbyist or make other payments to influence legislative or administrative action.

If a member of an association makes a payment or if the association solicits an additional dues payment earmarked for lobbying purposes, however, the member may qualify as a lobbyist employer or $5,000 filer.

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K. Fifteen companies, all in the gravel business, decide to become a lobbying coalition and hire a lobbying firm to lobby the Legislature on bills affecting their industry. Each company provides Earthmovers, Inc., one of the companies, $1,200 per month to pay the lobbying firm. Is Earthmovers, Inc. a lobbyist employer?

No. If Earthmovers, Inc. is acting only as the administrative agent for the lobbying coalition, it will not become a lobbyist employer. Because no single company is paying $5,000 or more in a calendar quarter for lobbying services, none of the companies will qualify as a "$5,000 Filer." The lobbying coalition must register and file reports.

L. Our firm anticipates contacts with the pension program administrators for the University of California. Must our firm's placement agents register as lobbyists?

Yes. The law provides no exemptions for the University of California's pension system.

M. Is a business entity required to file lobbying reports if it provides assistance with obtaining the California Competes Tax Credit through the Office of Business and Economic Development to other business entities?

No. Obtaining applications for tax credits is not supporting or opposing the drafting of state agency rules, regulations or ratemaking proceedings and is not influencing administrative or legislative action.

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N. Does an individual qualify as a lobbyist if the individual's only source of income is from a private company for the purpose of contacting legislators to urge the legislators to influence a state agency to issue a new request for proposal ("RFP")?

No. Contacting a legislator solely for assistance in influencing a state agency, other than the Legislature, to issue a new request for proposals does not trigger the Act's lobbyist provisions because the contact is not considered "influencing legislative or administrative action." This conclusion, however, is strictly limited to communications or appearances regarding the issuance of a RFP by a state agency other than the Legislature. Because communications are very fact specific, individuals are strongly encouraged to contact the FPPC and provide specific facts when communicating with legislators on state agency matters to ensure compliance with the Act's lobbying provisions.

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Authority

The following Government Code sections provide authority for the preceding information in this chapter:

Government Code Sections

82002	Administrative Action
82025.3	External Manager
82032	Influencing Legislative or Administrative Action
82037	Legislative Action
82038.5	Lobbying Firm
82039	Lobbyist
82039.5	Lobbyist Employer
82045	Payment to Influence Legislative or Administrative Action
82047	Person
82047.3	Placement Agent
86115	Periodic Reports; Employers and Others
86300	Exemptions

Title 2 Regulations

18202	Quasi-Legislative Administrative Action
18238.5	Definition of Lobbing Firm; Individual Contract Lobbyist
18239	Definition of Lobbyist
18239.5	Lobbyist Employer
18249	State Agency
18614	Payments for Lobbying Services
18616.4	Reports by Lobbying Coalitions Which are Lobbyist Employers; Reports by Members of Lobbying Coalitions

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Lobbying Reports: An Overview

A. Where to File

File all reports and statements discussed in this manual with the Secretary of State.

Address paper statements as follows:

Secretary of State
Political Reform Division
1500 11th Street, Room 495
Sacramento, CA 95814

For additional information: 916-653-3224 or www.sos.ca.gov

Electronic Filing

Qualifying for Electronic Filing (E-filing): Lobbying reports must be filed electronically if the total amount of any category of reportable payments, expenses, gifts, or other items is $5,000 or more in the calendar quarter. Calculate each quarter and category of payments separately to determine if electronic filing is required. A lobbyist employer need not count campaign contributions it makes toward the $5,000 threshold if, in that quarter, the lobbyist employer reports the contributions its sponsored committee makes on a campaign statement and refers to those contributions on its lobbyist employer report.

If a lobbyist employer or lobbying firm must file electronically, lobbyists the employer or firm employs also must file electronically. If a lobbyist employer hires a lobbying firm that files electronically, the employer is not automatically required to file electronically.

A person may voluntarily file electronically prior to qualifying as an electronic filer. But paper reports must be filed until the electronic filing requirements are met.

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Electronic filers must obtain a login identification number and password from the Secretary of State. When filing a report electronically, the filer files under penalty of perjury. The filer may also designate a vendor or other service provider to file on his or her behalf and provide the vendor with the identification number and password. The filer files reports under penalty of perjury even if the filer authorizes a third party to file the reports with the Secretary of State.

The Secretary of State and other software vendors offer online filing.

Registration Forms: E-filers must file all future registration forms on paper and electronically.

Quarterly Reports: E-filers file quarterly reports (Forms 615, 625, 635, 645 and attachments) electronically only. No paper copies are required.

Ex 2.1 - In the first quarter of the calendar year, a lobbyist employer paid its in-house lobbyists $3,000 for lobbying activity and made payments of $4,000 in reportable contributions. Because this was the first time the company qualified as a lobbyist employer, and it did not spend $5,000 or more in any one category of reportable payments, the Act requires it to file its registration and certification statements (Forms 603 and 604) and its quarterly report (Form 635) on paper only, not electronically. In the second calendar quarter, the employer paid its in-house lobbyists a total of $6,000 for lobbying activity. The employer must now file the Form 635 electronically for the second quarter and all subsequent quarters, even if the employer does not spend $5,000 or more in any one category of reportable payments in the future.

Notes

- Deadlines that fall on a Saturday, Sunday, or an official state holiday are extended to the next business day.
- Do not submit reports by fax.
- Persons who file after a deadline are liable for a fine of $10 per day, calculated from the day after the deadline, until the report is received. The Secretary of State may assess a $10 per day late fine on both the paper and electronic version of the reports, resulting in a $20 per day fine for registration forms not filed timely.
- Persons who fail to file lobbying reports may be subject to an administrative penalty of up to $5,000 on either the paper or electronic versions.
- A person may file reports any time up to and including the filing deadline, so long as the report includes all required information. A person must file an amendment by the deadline if the report did not include any reportable activity on the early filing.

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- The filer must sign the paper report or the $10 late fine may apply, even if it is filed on time. An agent may sign the report and attach an explanatory note if the filer is unavailable by the deadline. The filer must submit an amendment with the proper signature as soon as possible.

- The Secretary of State accepts postmarks for timeliness. The filer can rebut the presumption that he or she failed to mail a form with a post office receipt with the date of deposit and the Secretary of State's name and address.

B. Lobbying Forms

601 – Lobbying Firm Registration Statement	Business entities (including individual contract lobbyists) that engage in lobbying activity on behalf of any other person.
602 – Lobbying Firm Activity Authorization	Persons who employ or contract with a lobbying firm; file with the lobbying firm's registration statement, Form 601, or with an amendment to a lobbying firm's registration statement, Form 605, when the lobbying firm adds a client.
603 – Lobbyist Employer or Lobbying Coalition Registration Statement	Persons who employ one or more in-house lobbyists.
604 – Lobbyist Certification Statement	Individuals who qualify as lobbyists, including individual contract lobbyists.
605 – Amendment to Registration – Lobbying Firm, Lobbyist Employer, and Lobbying Coalition	Amend registration forms filed by lobbying firms, Form 601, and lobbyist employers/lobbying coalitions, Form 603
606 – Notice of Termination	Lobbyists, lobbying firms, and lobbyist employers/lobbying coalitions that cease all lobbying activity during a legislative session.

607 – Notice of Withdrawal	A lobbyist or lobbying firm that filed a certification or registration statement, respectively, but never qualified as a lobbyist or a lobbying firm.
615 – Lobbyist Report	Lobbyists (including contract lobbyists) to disclose payments made in connection with influencing legislative or administrative action.
625 – Report of Lobbying Firm	Lobbying firms (including contract lobbyists) to disclose legislative or administrative action the lobbying firm attempted to influence, and payments made and received in connection with influencing legislative or administrative action.
630 – Attachment Form – Payments Made to Lobbying Coalitions	Lobbying firms, lobbyist employers, and $5,000 filers to disclose payments to a lobbying coalition.
635 – Report of Lobbyist Employer and Report of Lobbying Coalition	Lobbyist employers/lobbying coalitions to disclose legislative or administrative action the employer/ coalition attempted to influence, and payments made in connection with influencing legislative or administrative action.
635- C – Attachment Form – Payments Received by Lobbying Coalitions	Lobbying coalitions to disclose payments received from members of the coalition.
640 – Attachment Form – Governmental Agencies Reporting of "Other Payments to Influence Legislative or Administrative Action"	State and local government agencies that qualify as lobbyist employers/lobbying coalitions or $5,000 filers to disclose certain payments of $250 or more under "Other Payments to Influence Legislative or Administrative Action."

645 – Report of Person Spending $5,000 or More to Influence Legislative or Administrative Action	Persons who do not employ a lobbyist or contract with a lobbying firm but who make payments to influence legislative or administrative action (including payments to a lobbying coalition) totaling $5,000 or more in a calendar quarter.
690 – Amendment to Lobbying Disclosure Report	Amend a lobbying disclosure report filed on paper. E-filers file a new version of the prior report.

C. Initial Registration Forms

Lobbyists: Lobbyist Certification Statement, Form 604. Due within 10 days of qualifying as a lobbyist.

Lobbying firms: Lobbying Firm Registration Statement, Form 601. Due within 10 days of qualifying as a lobbying firm.

Lobbyist employers/lobbying coalitions:

- Employ an In-House lobbyist: File Lobbyist Employer Registration Statement, Form 603. Due within 10 days after a partner, owner, officer, or employee qualifies as an in-house lobbyist.

- Retain a Lobbying Firm: File Lobbying Firm Authorization Statement, Form 602. Due before lobbying activity occurs. The Form 602 is provided to the lobbying firm for filing.

Note: A person who employs both an in-house lobbyist and a contract lobbyist must complete Form 603 and Form 602 on or before the applicable deadlines.

$5,000 filers do not file registration statements.

Placement Agents: There is no grace period for "placement agents" to register. Generally, a placement agent must file the Certification Statement prior to initial contact with the state retirement board.

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An individual who qualifies as a placement agent must complete and sign the Lobbyist Certification Statement, Form 604, in addition to one of the following form(s):

- If a placement agent is employed on a "contract basis," he or she files the Form 604 with the Lobbying Firm Registration Statement, Form 601. Generally, the placement agent will complete both forms. The external management firm, other placement agent, or similar entity will complete the Lobbying Firm Activity Authorization, Form 602. Three forms must be filed under this arrangement.

- If a placement agent is an "employee" of an external management firm or another placement agent, the requirements are different. In this case, the placement agent files the Form 604 with the Lobbyist Employer/Lobbying Coalition Registration Statement and the Form 603, which identifies the external management firm, another placement agent or similar entity.

Deadlines for completing an Amendment to Registration, Form 605, are as follows:

Lobbying firm adding a new client	Prior to attempting to influence legislative or administrative action on behalf of the client.
Firm or employer adding a new lobbyist	Within 20 days of effective date.
Firm or employer deleting a client, lobbyist, lobbying firm	Within 20 days of effective date.
Other changes	Within 20 days of any other change.

D. Renewing Registration

Between November 1 and December 31 of each even-numbered year, lobbying firms and lobbyist employers/lobbying coalitions must file new registration statements, Form 601, Form 602, or Form 603.

- File reports electronically and in paper if an online filer.

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- At the end of each legislative session, all registration statements for that legislative session expire and no additional forms must be filed if lobbying will cease.

E. Quarterly Disclosure Reports

Quarterly reports disclose receipts and payments in connection with lobbying activity and each is due after a calendar quarter.

Deadline	Reporting Period
April 30	January, February, March
July 31	April, May, and June
October 31	July, August, and September
January 31	October, November, and December

Filers, other than $5,000 filers, must file a report, regardless of the level of activity, and whether or not any payments have been made or received during the calendar quarter. The period covered for all quarterly reports is the first day of the calendar quarter through the last day of the calendar quarter. This is true even if a filer begins services during a calendar quarter.

$5,000 filers must file a report electronically for each calendar quarter in which they make payments totaling $5,000 or more. The filers need not file reports for any calendar quarter in which they do not spend $5,000, or if all of their payments are “activity expenses.”

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F. Ceasing Lobbying Activity

If a lobbyist, lobbying firm, or registered lobbyist employer/lobbying coalition **ceases all lobbying** activities during the legislative session, each must file a Notice of Termination, Form 606, electronically, if applicable, and on paper within **20 days** after ceasing lobbying activities.

A filer ceasing all lobbying activities at the close of a regular (biennial) session of the Legislature need not file a termination statement.

Note: Lobbyists and lobbying firms ceasing lobbying activity remain subject to the $10 gift prohibition for six months after ceasing lobbying activity or six months after the close of the legislative session, whichever is earlier.

A person must file a Notice of Withdrawal, Form 607, when he or she registers but never meets the Act's definition of "lobbyist" or "lobbying firm." Individuals and lobbying firms eligible to file Form 607 are not subject to the gift prohibition.

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Answering Your Questions

A. We are a lobbyist employer and have never reached the $5,000 threshold for any calendar quarter. Between April 1 and June 30 of this year, however, we contributed $5,000 or more to state candidates we are otherwise required to report. We made the contributions through our sponsored committee and will refer to our committee's report on the Form 635 instead of itemizing the contributions. Must we now file electronically?

No. As long as your sponsored committee made the contributions and you refer to your committee's campaign statement on your Form 635, you are not required to count those contributions toward the $5,000 e-filing reporting threshold.

B. We file our quarterly reports electronically. At the beginning of the next legislative session, we intend to renew our registration. Should we file our registration statements electronically?

Yes. If you filed reports electronically in one legislative session and re-registered for the following session, you must file your registration statements and any future filings electronically (as well as on paper).

C. What forms are required if more than one employee of an entity qualifies as a placement agent and must register as a lobbyist?

Each individual placement agent/lobbyist must complete Form 604. Each lobbyist must submit a recent photo from the shoulders up and a $50 registration fee per year ($100 if filing a renewal registration for the biennial session). These are filed with one Form 603.

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D. A registered lobbying firm (Firm A) with an individual placement agent/lobbyist has registered several external managers as clients that Firm A will be representing before CalPERS and CalSTRS. Firm A decides it wants to subcontract with another individual/placement agent to represent one of Firm A's registered clients before CalPERS and CalSTRS. What registration forms are required?

The registration forms are different depending on whether the subcontractor is registered as a lobbying firm as described below:

Firm A must provide to the subcontracting firm, Firm B, Form 602, Lobbying Firm Activity Authorization, which lists the name(s) of the subcontracted external manager(s).

Firm B, if currently registered, completes Form 605, Amendment to Registration and identifies Firm A in Part I on that form. Firm B identifies both Firm A and the identity of the subcontracted external managers in Part II, Section B. File both the Form 605 and the Form 602 with Secretary of State.

Firm B, if not registered, completes Form 601, Lobbying Firm Registration Statement. In Part I, Firm B lists each individual placement agent who will represent "clients" before CalPERS and CalSTRS, and include a Form 604, Lobbyist Certification Statement for each placement agent/lobbyist. Complete Part II, Section B, identifying Firm A and the subcontracted external manager(s). File Forms 601, 604, and the Form 602 with Secretary of State, along with the lobbyist photo(s) and the registration fees.

Note: The law requires a specific description of the external manager, on Page 2 of the Form 602/603. Most entities must check the Business category in and, in the appropriate sections, further define the external manager's nature and interest.

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Authority

The following Government Code sections provide authority for the preceding information in this chapter:

Government Code Sections

81007	Mailing of Report or Statement
84605	Who Shall File Online
84606	Operation of Online System
86100	Registration
86101	Registration; Time
86103	Lobbyist Certification; Requirements
86104	Lobbying Firm; Registration Requirements
86105	Lobbyist Employer; Registration Requirements
86106	Renewal of Registration
86107	Registration Statement; Amendment; Termination
86117	Periodic Reports; Filing; Time
86118	Periodic Reports; Where to File
91013	Late Filing of Statement or Report; Fees

Title 2 Regulations

18116	Reports and Statements; Filing Dates
18601	Withdrawal of Lobbyist Certification or Lobbying Firm Registration
18617	Early Filing of Periodic Reports

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Registration Procedures

The Act requires most lobbying filers to submit registration statements that identify persons engaged in lobbying activity. This chapter provides guidance on completing the forms. File all forms with the Secretary of State. Filers must submit all registration forms on paper and lobbying entities that must file electronically also submit an electronic form. Once a lobbying entity qualifies for electronic filing, it must file all future registration forms in paper format and online.

A. Name Identification Requirements

The Act requires that any person or entity that engages in lobbying activity disclose its name. If a lobbyist employer is a business entity with subsidiaries, the Act may require that the names of the subsidiaries be separately identified along with the corporate parent's name. This manual cannot address all of the different relationships of affiliated entities. The following summarizes Commission advice, and you may contact the FPPC for specific guidance.

A corporation and its subsidiary both make payments to a lobbying firm; list the name of the filer as: ABC Company and its affiliate, XYZ subsidiary.

A lobbying firm represents the lobbying interests of a corporation and its subsidiary, both entities provide the lobbying firm direction. The filer's name should be listed as: ABC Company and its affiliate, XYZ subsidiary. This is true whether the corporation makes all the payments or both entities make payments to the lobbying firm.

Ex 3.1 - A corporation has several subsidiaries. The corporation directs and controls the lobbying activity and makes all payments to the lobbying firm. The subsidiaries are not involved with lobbying activity nor do they make payments to the lobbying firm. Even though the subsidiaries may benefit from the lobbying firm's services, the filer's name should be listed as: ABC Corporation. The filer need not identify the subsidiaries.

Ex 3.2 - A corporation makes payments to a lobbying firm. A corporation's subsidiary makes payments to a different lobbying firm. The corporation's and its subsidiary's lobbying activities are independent. The corporation does not pay for the subsidiary's activities or control its lobbying activities. The law does not require the corporation to identify the subsidiary's name on its reports, nor does it require the subsidiary to identify the parent corporation on its reports.

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B. Registration

The Act requires all lobbyists, lobbying firms and lobbyist employers who employ in-house lobbyists to file registration forms. $5,000 filers do not file registration forms.

Filer	Form
All Lobbyists	604
All Lobbying Firms	601
Lobbyist Employer (with in-house lobbyist)	603
Lobbyist Employer (contracts with lobbying firm)	602
All (amending a Form 604, 601, 603, or 602)	605

All lobbyists must complete a Lobbyist Certification Statement, Form 604. All filers must verify and sign their registration statements. Lobbyists must verify the Form 604. On its registration statement, Form 601, a lobbying firm may designate an individual as the firm's responsible officer and that individual must verify the lobbying firm's reports. In the case of a lobbyist employer/lobbying coalition, a responsible officer, or an attorney or a certified public accountant who acts as an agent for the lobbyist employer/lobbying coalition, must sign the verification.

C. Lobbyist Certification Statement, Form 604

An individual who qualifies as a lobbyist must complete the Lobbyist Certification Statement, Form 604. His or her lobbying firm or lobbyist employer/lobbying coalition, whichever is applicable, files the lobbyist's Form 604 with its registration or amendment to the registration form. A recent photograph of the lobbyist's head and shoulders along with a $50 fee per year for the two-year legislative session ($100/renewal registrations) must also be included. The photograph must be recent and of professional quality. A lobbyist may only have one Form 604 on file at any one time.

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Filing Deadlines:

New Lobbyist:

- Within 10 days of qualifying as a lobbyist.

New Placement Agent

- Before initial contact with a state retirement board.

Lobbyist Renewing Certification:

- Between November 1 and December 31 of each even-numbered year.

Lobbyist Ethics Orientation Course

All lobbyists must attend a lobbyist ethics course as part of the registration process. The Assembly Legislative Ethics Committee and the Senate Committee on Legislative Ethics conducts the course. At the time of publication of this manual, lobbyists must attend in person. There is no online course. Contact the legislative committees for course dates and times.

A lobbyist must file a conditional certification statement, Form 604, if he or she has not taken the course within the previous 12 months. Whether the lobbyist is renewing the certification or filing his or first certification determines the conditional certification's validity period.

- New lobbyists must take the course within 12 months after registering as a lobbyist.

- Lobbyists who were registered in the prior legislative session, but have not taken the course in the 12 months prior to renewing their certification, must take the course by June 30 of the following year.

Ex 3.3 - Al Johnson is promoted to become the first lobbyist for his employer. Al must complete a Lobbyist Certification Statement, Form 604. The employer must submit this form along with Al's photo and a $50 per year payment to the Secretary of State. The employer must file the Lobbyist Employer Registration Statement, Form 603, to indicate that the company has qualified as a lobbyist employer and that it employs Al Johnson to lobby on its behalf. Later the employer also hires Susan Gomez as an in-house lobbyist. Susan completes a Lobbyist Certification Statement, Form 604. Her employer completes the Form 605 and submits her photo and a $50 per year payment to the Secretary of State.

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Ex 3.4 - John Liu was a new lobbyist in the 2013-14 Legislative Session and took the course in June 2014. Mr. Liu registered in December 2014 for the 2015-16 Legislative Session. Because less than 12 months had elapsed since he took the course he is not required to take the course in 2015 or 2016.

Ex 3.5 - Susan White is a new lobbyist and begins lobbying on September 1, 2015 for the 2015-16 Legislative Session. She must take the course before September 1, 2016.

Ex 3.6 - Margaret Johnson was a registered lobbyist in the 2013-14 Legislative Session and took the course on March 5, 2013. On December 5, 2014, she registers to lobby for the 2015-16 Session. Because 12 months elapsed since she took the course and because she was registered to lobby in the prior session, she must take the course by June 30, 2015.

Ex 3.7 - Sean Spencer was a registered lobbyist in the 2013-14 Legislative Session. In February, 2015, he registers to lobby for the 2015-16 session. Because Mr. Spencer was registered to lobby in the prior legislative session he must take the course by June 30, 2015.

Ex 3.8 - Matt Nelson was a registered lobbyist in the 2013-14 Legislative Session. He had a lapse in lobbying activity and did not register as a lobbyist for the 2015-16 Legislative Session until October 2015. Mr. Nelson must take the course by June 30, 2016.

Failure to take the course at the times prescribed will void the conditional certification. Once voided, an individual is prohibited from acting as a lobbyist until he or she has completed the ethics training course and filed an amended certification statement indicating the date the course was taken. **The FPPC cannot grant waivers to the ethics training requirement.**

How to Complete Form 604

The Form 604 identifies the lobbyist's name, address, telephone number and name of his or her lobbying firm or lobbyist employer/ lobbying coalition. On the initial statement, the individual must provide the date he or she qualified as a lobbyist; the date is not required on renewals. The lobbyist must verify and sign the paper Form 604. No other individual may sign Form 604 on behalf of the lobbyist.

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Agencies Lobbied: If the lobbyist will not be lobbying all the agencies listed on the Lobbyist Employer or Lobbying Firm Registration Statement (Form 603 or 601) that his or her employer or firm filed, check the second box, indicate if the lobbyist will be lobbying the State Legislature and specify the state agencies to be lobbied.

The lobbyist gift limit and contribution restrictions apply to agencies the lobbyist lobbies.

D. Lobbying Firm Registration Statement, Form 601

An individual or business entity that qualifies as a lobbying firm must register within 10 days of qualifying as a lobbying firm.

Each lobbying firm must renew its registration between November 1 and December 31 of each even-numbered year. If the registration is not renewed, the Secretary of State will automatically terminate the lobbying firm's registration.

Registration and registration renewal requirements may include:

- Submitting Form 601;
- Submitting Form 602 that each lobbyist employer that contracts with the lobbying firm completes;
- Submitting Form 604 that each partner, owner, officer, or employee of the lobbying firm who qualifies as a lobbyist completes;
- A recent photograph of each lobbyist picturing only the lobbyist's head and shoulders; and
- A $50/per year ($100-for the two-year session) registration fee payable to the Secretary of State for each of the firm's lobbyists. Payment is required at the time of filing.

Quick Tip!

A lobbying firm performing pro-bono services is not required to register the client.

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How to Complete Form 601

The **Lobbying Firm Registration** Statement provides identifying information about the lobbying firm and its clients. Enter the date qualified as a lobbying firm only on an initial registration, but not on subsequent renewals.

- When reporting the names of lobbyists, do not list any individual who is separately registered as a lobbying firm or who is employed by a lobbying firm with which this firm contracts.
- A lobbying firm must designate a partner, owner, or officer to file statements and reports and keep records. An individual contract lobbyist filing the Form 601 as a lobbying firm is the responsible officer.
- A lobbying firm that contracts to lobby for another lobbying firm's client must identify both the subcontracting lobbying firm and the client(s)/employer(s) on whose behalf the firm will lobby.
- List the name of each client/lobbyist employer and the agencies to be lobbied. List each state office (including the Governor's office, if applicable), department, division, bureau, board, or commission the lobbyist employer/lobbying coalition will attempt to influence. Do not include the courts, or federal or local agencies. The firm may list "all state agencies." In addition, provide a description of the lobbyist employer/lobbying coalition's lobbying interests.

Ex 3.9 - ZB Corporation develops, manufactures, and distributes pharmaceuticals. On Form 601, ZB states "legislation relating to the development, manufacturing, and distribution of pharmaceuticals." It is not sufficient to describe the corporation's lobbying interests as "legislation relating to business" or "health care."

E. Lobbying Firm Activity Authorization, Form 602

Each client that retains a lobbying firm must complete a Lobbying Firm Activity Authorization, Form 602, to authorize the lobbying firm to lobby on its behalf. The lobbying firm must submit the Form 602 along with its Lobbying Firm Registration Statement, Form 601, or its Amendment to Registration, Form 605.

A lobbying firm that subcontracts clients to another lobbying firm must complete Form 602 and identify the names of the subcontracted client(s). The law does not require the firm to complete the "Nature and Interests" section for the client(s) with which it subcontracts.

Ex 3.10 - Capital Watch, a lobbying firm, has a client, Silo Manufacturers of California (SMC). Capital Watch wishes to subcontract this client to Meyers & Nguyen, another lobbying firm. Before Meyers & Nguyen may begin lobbying on SMC's behalf, Capital Watch must complete a Form 602 that its responsible officer signs, identifying SMC as the subcontracted client and authorizing Meyers & Nguyen to lobby on SMC's behalf.

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How to Complete Form 602

Lobbyist Employer's Nature and Interests of

Describe the lobbyist employer/lobbying coalition's lobbying interests by stating whether the lobbyist employer/coalition focuses on, for example, agriculture, air quality, transportation, computer software, labor, government. A city, county, or other governmental agency will complete Part D. When listing the nature and interests of an association with fewer than 50 members, identify all the members' names. A lobbyist employer comprised of affiliated entities must report the nature and interests of all entities that comprise the lobbyist employer.

Ex 3.11 - A trade association that represents electricity distributors will complete section C 1. A trade association that represents only one segment of an industry should complete section C. 1 and 2. For example, an association representing insurance companies that sell only automobile policies may identify in section C 1, "insurance," and identify in section C 2, "automobile insurance policies."

F. Lobbyist Employer or Lobbying Coalition Registration Statement, Form 603

An individual, business entity, organization, or lobbying coalition that has an in-house employee who qualifies as a lobbyist must register with the Secretary of State within 10 days of qualifying as a lobbyist employer.

Each registered lobbyist employer/lobbying coalition must renew its registration between November 1 and December 31 of each even-numbered year. If it does not renew its registration, the lobbyist employer/lobbying coalition will automatically be terminated.

Registration and registration renewal requirements include:

- Submitting Form 603;
- Submitting Form 604 that each partner, owner, officer, or employee who qualifies as an in-house lobbyist completes;
- Submitting a recent photograph of the lobbyist's head and shoulders only; and
- A $50/per year ($100 if at the beginning of the two-year session, $50 if in the second year) payable to the Secretary of State for each individual who qualifies as an in-house lobbyist. Payment is required at time of filing.

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- A lobbyist employer, including an individual contract lobbyist, that ***only*** contracts with a lobbying firm must complete the Lobbying Firm Authorization Statement, Form 602, and does not complete the Lobbyist Employer Registration Statement, Form 603.

- A registered lobbyist employer that employs an in-house lobbyist and also contracts with a lobbying firm must complete the Lobbying Firm Activity Authorization, Form 602, for the lobbying firm.

How to Complete Form 603

If this is an initial registration, enter the date qualified as a lobbyist employer/lobbying coalition.

- List each in-house employee lobbyist's full name as well as the name of any lobbying firm with which the employer/coalition contracts.

- List each state office (including the Governor's office, if applicable), department, division, bureau, board, or commission the lobbyist employer/lobbying coalition will attempt to influence. Do not include the courts, or federal or local agencies. The employer/coalition may list "all state agencies."

- Describe the lobbyist employer/lobbying coalition's interests and complete the Nature and Interests of the Filer section. In Part B, affiliated entities must report the nature and interests of all entities that comprise the lobbyist employer. In Part C, when listing the nature and interests of an association with fewer than 50 members, identify all members' names. A city, county or other governmental agency will complete Part D.

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G. Amendment to Registration, Form 605

Use Form 605 to report changes to a registration statement. .

Deadlines for filing Form 605 are as follows:

- If a lobbying firm adds a new lobbyist employer/lobbying coalition, file the amendment prior to attempting to influence legislative or administration action on behalf of that lobbyist employer/lobbying coalition.
- If a lobbying firm amends the name of a lobbyist employer/ coalition, file the amendment prior to attempting to influence legislative or administrative action on behalf of that employer/ coalition.
- Within 20 days of any other change.

How to Complete Form 605

Adding a Lobbyist

File Form 605 and also file Form 604. Enclose a $50/per year fee ($100 if lobbying for the full two-year session) payable to the Secretary of State, and, if the lobbyist is newly qualified, a recent photograph (head and shoulders only). Do not submit a photograph if the lobbyist is already registered for the current legislative session.

Deleting a Lobbyist

File Form 605 and Form 606 if a lobbyist is ceasing all lobbying activities. If you will no longer employ the lobbyist, but the lobbyist will continue lobbying on behalf of others, do not file a Form 606.

Lobbying Firm Adding Lobbyist Employer/Lobbying Coalition

File Form 602 and Form 605 (Parts I and II A).

Registered Lobbyist Employer Adding Lobbying Firm

File Form 605; no attachment is necessary. But the lobbying firm must also file a Form 605 and attach a Form 602 that the lobbyist employer's responsible officer signs.

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Lobbying Firm Subcontracting a Lobbyist Employer/Lobbying Coalition

A lobbying firm that is adding a client through a subcontract must complete Form 605 (Parts I and II B) and include a Form 602 that the subcontracting firm signs. The applicable registration forms related to the subcontractor must be filed before lobbying may begin. The client does not file a Form 602.

Ex 3.12 - Capital Watch, a lobbying firm, has a client, Silo Manufacturers of California (SMC). Capital Watch wishes to subcontract this client to Meyers & Nguyen, another lobbying firm. Before Meyers & Nguyen may begin lobbying on SMC's behalf, Capital Watch must provide a Form 602 to Meyers & Nguyen identifying SMC as the subcontracted client and authorizing Meyers & Nguyen to lobby on SMC's behalf. Meyers & Nguyen must file a Form 605 naming the new subcontracted client, along with the Form 602 from Capital Watch.

Lobbying Firm Deleting a Lobbyist Employer/Lobbying Coalition

File Form 605. No attachment is necessary.

A Change in a Lobbyist Employer's Designated Responsible Officer

File Form 605 and Part III of Form 601. A lobbyist employer/lobbying coalition does not need to file an amendment when it changes its designated responsible officer.

Lobbyist Employer Deleting a Lobbying Firm

When a registered lobbyist employer terminates a contract with a lobbying firm, both the registered lobbyist employer and the lobbying firm must file a Form 605. A lobbyist employer that is not registered (i.e., has no in-house lobbyists) is not required to file Form 605 when it terminates a contract with a lobbying firm, but the lobbying firm is required to.

H. Notice of Termination, Form 606

If a lobbyist, lobbying firm, or registered lobbyist employer/lobbying coalition ceases all lobbying activity during the legislative session, a Notice of Termination, Form 606, must be filed. The Form 606 is not filed if ceasing all lobbying activity at the end of the legislative session.

Exceptions:

- Lobbyist employers/lobbying coalitions that only contract for the services of a lobbying firm do not file Form 606. The lobbying firm must file an Amendment to Registration Statement, Form 605, to delete the lobbyist employer.

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- A lobbyist who changes employment and continues to lobby does not file a Form 606. The lobbying firm or lobbyist employer/ lobbying coalition the lobbyist is leaving must file a Form 605 indicating the lobbyist's termination. The lobbyist's new lobbying firm or lobbyist employer/lobbying coalition must also file a Form 605 (or file a registration statement if it is not currently registered) adding the new lobbyist.

How to Compete Form 606

File Form 606 within 20 days of ceasing all lobbying activity. Additionally, file a quarterly report(s) covering the final quarter of lobbying activity.

If a lobbyist employer terminates a contract with a lobbying firm and there remains a dispute over payment of fees, the lobbyist employer may file a Form 606, but must file a Form 635 at a later date if the lobbying firm receives additional payments as a result of the dispute.

A lobbyist must sign the verification that he/she is no longer lobbying.

Quick Tip!

Lobbyists and lobbying firms remain subject to the $10 gift prohibition for six months after ceasing lobbying activity.

I. Notice of Withdrawal, Form 607

Individuals and entities that file registration reports but never meet the definition of lobbyist or lobbying firm may file a Notice of Withdrawal, Form 607, to terminate reporting obligations. Once the form is on file with the Secretary of State, the $10 gift prohibition does not apply. Do not use this form to terminate filing obligations for any person or entity who has qualified.

The following chart summarizes several common situations that result in filing registration and/or amendment statements.

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Situation	Registration Requirement	Deadline
Entity qualifies as lobbyist employer by retaining an existing lobbying firm.	Firm files 605, attaches 602 signed by lobbyist employer.	Before the firm engages in direction communication.
Entity qualifies as lobbyist employer by employing an in-house lobbyist.	Lobbyist employer files 603, attaches 604 signed by lobbyist.	Within 10 days of qualifying as a lobbyist employer.
Entity qualifies as a lobbying firm by contracting with a lobbyist employer.	Firm files 601, attached 602 signed by lobbyist employer.	Within 10 days of qualifying as a lobbying firm.
Lobbying firm A subcontracts a client to Lobbying firm B.	Firm B files 605 and attaches a 602 signed by Firm A. No registration requirement for the client.	Before Firm B lobbies for the client.
Lobbyist changes employment. Leaves lobbyist employer to work for existing lobbying firm.	Employer files 605 – no attachment. Firm files 605, attaches 604 signed by lobbyist (fee required).	Within 20 days of the effective date.
Lobbying firm stops lobbying for a client. Client does not employ a lobbyist.	Firm files 605. No form required of client.	Within 20 days of the effective date.
Lobbying firm stops lobbying for a client. Client then employs an in-house lobbyist.	Firm files 605. Lobbyist employer files 603, attaches 604 signed by lobbyist (picture & fee required).	Within 20 days of the effective date.
Lobbyist employer with an in-house lobbyist renews registration.	Employer files 603, attaches 604 signed by lobbyist (picture & fee required).	Between November 1 and December 31 of each even-numbered year.
Lobbying firm renews registration.	Firm files 601, attaches 602 signed by each client and 604 signed by each lobbyist (picture & fee required).	Between November 1 and December 31 of each even-numbered year.

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Answering Your Questions

A. May an entity or individual register as a lobbying firm if it intends to lobby but does not have a client at the time of registration?

Yes. If the firm subsequently never engages in lobbying activity, however, it should file a Notice of Withdrawal, Form 607.

B. If the lobbying firm's responsible officer changes, must the lobbying firm amend its registration?

Yes. The lobbying firm must amend its registration within 20 days of the change.

C. Is a lobbying firm or lobbyist employer/lobbying coalition required to pay the $50/per year registration fee when it hires a lobbyist who is already registered?

Yes, however, a new picture of the lobbyist is not required.

D. When is a registered lobbyist employer required to amend its registration to add a state agency it will lobby?

Within 20 days of engaging in direct communication with the agency's officials to influence administrative action.

E. Must a lobbyist employer list on its registration statements all departments under a state agency's umbrella?

Yes. As examples, Department of Technology is under the Government Operations Agency's umbrella. If the employer lobbies both, then it should list both. Similarly, the Board of Nursing is under the Department of Consumer Affairs. If the employer lobbies both, then it should list both.

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F. If the lobbyist employer or lobbying firm intends to lobby all state agencies, may it declare "All State Agencies" under "Agencies to be Lobbied," or must it itemize each agency?

In lieu of listing every state agency, the lobbyist employer or lobbying firm may declare that it will lobby all state agencies. Remember, this means that the gift limits and contribution prohibitions will apply to all state agency officials and all state candidates and officeholders.

Authority

The following Government Code sections provide authority for the preceding information in this chapter:

Government Code Sections

8956	Ethics Training Courses
86100	Registration
86101	Registration; Time
86102	Registration Fees
86103	Lobbyist Certification; Requirements
86104	Lobbying Firm; Registration Requirements
86105	Lobbyist Employer; Registration Requirements
86106	Renewal of Registration
86107	Registration Statement; Amendment; Termination
86118	Periodic Reports; Where to File

Title 2 Regulation

18601	Withdrawal of Lobbyist Certification or Lobbying firm Registration

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Activity Expense Reporting

Lobbyists, lobbying firms, lobbyist employers/lobbying coalitions, and $5,000 filers are required to disclose activity expenses, i.e., payments that benefit the individuals identified below. This chapter provides guidance on reporting activity expenses, the most common of which are gifts (e.g., meals, drinks and entertainment). Activity expenses can also include any form of compensation, such as consulting fees and salaries.

Complying with the Act's provisions regulating activity expenses often depends upon the nature of the particular event or activity. This section discusses detailed reporting, notice requirements, and gift limits as well as exceptions to both reporting requirements and gift limits. This section provides guidance for the more commonly asked questions regarding activity expenses. Do not rely on the examples alone to ensure you comply with the Act.

A. Definition of Activity Expense

An "activity expense" is any payment that benefits, in whole or in part, a reportable person.

A reportable person is:

- An elected state officer;
- A legislative official;
- A state agency official;
- A state candidate; or
- A member of such official's or candidates' immediate family (i.e., spouse, registered domestic partner, and dependent children).

A payment that benefits a state agency official or member of an agency official's immediate family is an activity expense only if the agency is, or should be, listed on the donor's lobbying registration statement.

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Report all activity expenses during the period in which they occurred, not when you actually pay them. Report all activity expenses whether or not lobbying occurs at the time of the event.

B. Gifts

Gift Definition

Gifts are the most commonly reported activity expense. The Act defines a gift as any "payment," which may be money or anything else of value, such as goods or services, that provides a personal benefit to the recipient for which consideration of equal or greater value is not received. The term "gift" includes payments made for entertainment, food, beverages, and travel. There are also several exceptions to the definition of gift. Individuals should consult FPPC Regulations 18940 – 18950.3 and the Commission's fact sheets related to gifts and travel.

Gift Limits

$10: Lobbyists and lobbying firms may not make or act as an agent or an intermediary in making a gift, or arranging a gift, in excess of $10 in a calendar month. This limit applies to any payment that a lobbyist or lobbyist firm makes directly or indirectly to any state candidate, elected state officer, legislative official, or to any state agency official that is listed or should be listed on the lobbying firm or a lobbyist employer/ lobbying coalition's registration statement.

Lobbyists and lobbying firms may not make any payment toward a gift to state officials if the gift's value is more than $10, even if the gift has multiple donors. Therefore, a reportable person cannot receive a $20 gift from two lobbyists even though each lobbyist's pro-rata share is only $10.

$460: Lobbyist employers and $5,000 filers may not make gifts aggregating more than $460 per calendar year to any state candidate, elected state officer, legislative official, and most state and local public officials may not receive a gift with a value over $460 (2015 – 2016 gift limit). The limit is subject to change after December 31 of each even-numbered year.

Ex 4.1 - While awaiting the arrival of their respective flights, lobbyist Kathy Taylor purchases a cup of coffee for Senator Jim Smith. Even though they only engage in social conversation, the beverage is an activity expense that must be reported on Kathy's Form 615.

Ex 4.2 - Colleen Jones is a lobbyist for the Olson Corporation. She only lobbies legislation affecting labor relations issues before the California Legislature. Colleen invited Mary Ann Ward, a state official with the Department of Water Resources, to breakfast. Because Colleen does not lobby the Department of Water Resources, the payment for Mary Ann's breakfast is not a reportable activity expense.

Ex 4.3 - Kempler Hospital is a lobbyist employer. Janice Duke is a surgeon employed by Kempler Hospital and is the spouse of the Director of Health Services, a state agency the hospital lobbies. Kempler Hospital must report Janice's salary as an activity expense.

Quick Tip!

The $460 gift limit may be adjusted each odd-numbered year based on changes in the Consumer Price Index. The $10 gift limit restricting gifts from lobbyists and lobbying firms is not adjusted.

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Arranging a Gift

Lobbyists and lobbying firms may not make or "arrange" a gift of more than $10 in a calendar month to any state candidate, elected state officer, legislative official, or to an official of any state agency required to be listed on the registration statement of a lobbying firm or lobbyist employer/lobbying coalition. A lobbyist or lobbying firm need not actually pay for or incur an expense to meet the definition of "arranging" a gift.

A lobbyist or lobbying firm "arranges for the making of any gift" if the lobbyist or lobbying firm, either directly or through an agent, does any of the following:

- Delivers a gift to the recipient;
- Invites or sends an invitation to an intended recipient regarding the occasion of a gift;
- Solicits responses from an intended recipient concerning his or her attendance or non-attendance during the presentation of a gift;
- Acts as an intermediary in connection with the reimbursement of a recipient's expenses; or
- Acts as the donor's representative if the donor is not present to receive a gift. This does not include accompanying the recipient to an event where the donor will be present.

In each of the examples below, the activity expense may not exceed $10 per official in a calendar month.

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Ex 4.4 - Lobbyist Dan Martinez invites a legislator to join him for coffee. After Dan arranges the event, he invites lobbyist Shirley Than to attend. Dan pays the entire cost of the lunch. Shirley is not required to report the event because she did not pay for or "arrange" the gift. Dan must report the event on his Form 615 and provide the legislator's name and the portion of the bill was attributable to the legislator on his Form 615.

Ex 4.5 - Together, Dan and Shirley invite a legislator's aide to lunch. The lobbyists share equally the cost of the aide's $8 meal. They must both report the activity. In addition to reporting the amount they each paid, each lobbyist must report the total value of the aide's meal, indicate that the amount paid was a portion of the total cost, and report the total cost of the activity.

Ex 4.6 - A lobbying firm's client hosts a reception for some legislators and their staff. The lobbying firm is the contact for the legislative officials, and the officials call the lobbying firm to RSVP. Although the lobbying firm does not make any of the payments in connection with the reception, the lobbying firm must report the event as an activity expense because the firm's activities fall within the definition of "arranging a gift." If the client is a lobbyist employer, it must also report the activity expense.

Ex 4.7 - Adrianne Kent is an employee of a law firm. The law firm is also a lobbying firm and although Adrianne is not a lobbyist, she is going to take a legislative staff member to lunch and charge it to the law firm's credit account. Even though Adrianne is not a lobbyist, the law firm must report the lunch as an activity expense.

Ex 4.8 - Tomas & Winters is a law firm that is also a lobbying firm. Geneva Wood is a lobbyist registered with the firm to lobby the legislature. Recyclers United is a client of the law firm, but is not a lobbyist employer. On behalf of Recyclers United, Geneva sets up a luncheon meeting with legislative staff members. Even though Recyclers United is not a lobbyist employer, because Geneva is a lobbyist, she may not arrange the luncheon meeting if the legislative staff members will receive a gift of more than $10 (e.g., if the lunch will cost more than $10 each). If Geneva arranges for the meeting, she must report the amount of the gift each legislative staff member receives on her Form 615.

In each of the examples below, the activity expense may not exceed $460 per official in a calendar year.

Ex 4.9 - The California Insurance Coalition, a lobbyist employer, held its annual convention in South Lake Tahoe. Coalition staff invited legislative officials and directed and controlled the event's preparations. The Coalition's lobbyist did not solicit responses to the event or direct or control any payment in connection with the event. The lobbyist may attend the event as long as an officer, manager, or executive of the Coalition is also present. The lobbyist is not required to report activity expenses in connection with the event on his or her Form 615. The Coalition, however, must report the activity expenses on its Form 635. The annual gift limit applies.

Ex 4.10 - A trade association that is also a lobbyist employer delivered $10 paperweights to legislators. The trade association must report each recipient and gift on its quarterly report, Form 635.

C. Gift Notifications

Lobbying filers must comply with two notification rules when an official receives a gift aggregating $50 or more in a calendar year. Failure to provide a gift notification may lead to an enforcement action.

Invitations

Lobbying entities must include the following notice in all written or printed invitations to events at which an elected state officer, a candidate for elective state office, a legislative official, or a state agency official will receive a reportable gift. The notice must be printed in no less than 8-point type and in a color or print that contrasts with the background of the invitation and must state:

> **Attendance at this event by a public official will constitute acceptance of a reportable gift.**

Following the event, the lobbying filer must also send the official a written notice of the gift's value. The notices aid the official who will likely need to report the gift.

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Notification to Gift Beneficiary

You must send the notice to an official who received a gift within 30 days following the end of each calendar quarter in which you provided the gift. The notice must provide the following information:

-- The date and amount of the gift the official received. If a lobbyist employer paid only a portion of the gift, list the amount the lobbyist employer paid and the full benefit the official received;

-- A description of the goods or services.

Examples:

Dear Senator:

Thank you for attending our reception on April 10, 20XX. Please be advised that the value of the gift you received is $55.00.

Dear Senator:

Thank you for attending the gala on April 10, 20XX. Please be advised that the value of the gift you received is $100.00. Our company's share of this gift was $45.00 as there were additional reception sponsors.

(If possible, it would be helpful to list the other sources of the gift and their respective share of the gift.)

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D. Source of the Gift

FPPC Regulation 18945 defines how to determine who is the source of a gift. In general, a lobbying filer is the source of a gift to an official when the filer makes a payment to a third party, and:

- The lobbying filer identifies the official as the gift recipient; or
- The official (or official's agent) solicits the gift from the lobbying filer.

Often organizations host events and provide food and beverages to officials. Even when a host organization solicits donations from others to offset the costs of an event (and the event is widely attended by individuals other than government officials), the host organization is the source of the gift. Due to the wide variety of events and funding sources, it is always best to seek advice from the FPPC before the event.

E. Family Member Gifts

FPPC Regulation 18943 determines when a gift made to an official's family member is considered a gift to the official. Persons should review the entire regulation to ensure compliance, but generally, if a lobbyist, lobbyist employer, or lobbying firm who is registered to lobby the official gives a gift to the official's family member, it is presumed to be a gift to the official.

An official's family members include:

- The official's spouse or registered domestic partner.
- The official's dependent child.
- An official's child who is a student (full-time or part-time) between the ages of 18 and 23, who uses the official's home as a principal residence, and who does not provide over one-half of his or her own financial support.

Ex 4.11 - A lobbyist employer hosts a reception and invitations are addressed to legislators and spouses. The cost is $45 per person. The reportable gift to each legislator is $90 if the spouse accompanies the legislator.

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F. Baby and Wedding Gifts

A lobbyist who provides a baby gift to a reportable official is subject to the $10 gift limit because the gift is considered to be a gift to the official. For example, if a lobbyist buys a toy for an official's baby, it must cost less than $10.

An official must report one-half of the value of a wedding gift. A wedding gift to an official is not subject to the $460 calendar year gift limit from other sources, but a wedding gift from a lobbyist or a lobbying firm is subject to the $10 gift limit. For example, a lobbyist may not purchase a wedding gift for a legislator and his or her spouse that is valued at more than $20 because half of the value ($10) is attributed to the official.

A gift does not result when a lobbyist attends a reportable person's wedding or a reportable person attends a lobbyist's wedding. This is true as long as the benefits at the event are the same for all guests.

G. Home Hospitality

In general, a lobbyist may not entertain a reportable official in his/her home.

"Home" includes a vacation home that the individual owned, rented, or leased for use as his or her residence, including a timeshare with deeded ownership or a continual right-to-use ownership benefit, and a motor home or boat that the individual owned, rented, or leased for use as his or her residence. "Home" also includes any facility in which the individual has a right-to-use benefit by his or her home residency, such as a community clubhouse. Any benefit received, other than the use of the premises, by any guests of the official other than the official's spouse and family members who are present at the request of the official or the official's agent are gifts to the official.

Ex 4.12 - A lobbyist regularly appears before an agency and over the years developed a friendship with an agency employee. The individuals do not have a relationship or common association outside the workplace. A lobbyist could not entertain the official in his/her home as it is likely the food/beverages would exceed $10.

Because these events are fact-specific, before holding a home event, consult FPPC Regulations 18942 and 18942.2 or contact the FPPC to ensure compliance.

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H. Valuing Gifts

Fair Market Value: A gift is valued at fair market value as of the date of receipt. The fair market value is the amount the recipient would pay for the item on the open market.

Tickets and Passes

A ticket is anything that provides access, entry, or admission to a specific event and for which similar tickets are sold to the public. The value of a ticket is the face value of the ticket.

The face value means the price as offered for sale to the general public indicated on the ticket or pass. If the price is not indicated, the value is the price at which the ticket or pass would otherwise be offered for sale to the general public by the venue's operator.

A "pass" is a ticket that provides repeated access, entry, or admission to a facility or series of events and for which similar passes are sold to the public. The value of a pass is equal to the face value of an individual one-time admission multiplied by the official's actual use of the pass and any other individuals who are admitted with the pass up to the face value of the pass.

Valuing Food and Beverages

Gifts of food and beverages are the most commonly reported activity expenses.

- **Restaurants:** When food and beverages are provided to an official at a restaurant, the gift is the actual cost of the items the official consumed plus a pro rata amount for tax and tip.

- **Events, other than fundraising events.** To value the gift portion of a testimonial dinner or an invitational event, divide the event's total cost by the amount of attendees to determine the official's pro rata share.

- "Pro rata share" means the cost of all food, catering services, entertainment, and any specific item provided to all attendees as part of the event, divided by the number of acceptances or the number of attendees. It is not permissible to divide the total cost of the event by the number of individuals invited.

Ex 4.13 - The Franco Winery, a lobbyist employer, provides a bottle of its wine to a re¬portable person. The wine constitutes a gift and is a reportable activity expense. For reporting purposes, the wine's value is the retail value.

Ex 4.14 - A lobbyist employer has a suite at the Staples Center in Los Angeles. The Staples Center rents similar suites at $3,000 per event. Tickets for a seat in a suite do not list a specific ticket price. The suite holds 12 seats and the lobbyist employer fills all seats for a particular event. The gift's value to each attendee is $3,000 divided by 12, or $250. If the lobbyist employer pays for parking and any food or beverages, each attendee must include those amounts when valuing the gift.

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- Any other specific benefit provided to the official and guest at the event, such as golf green fees, is valued at fair market value.

- A lobbyist who does not make or arrange for a gift to an official may attend an event at which the official receives a gift of more than $10 if the person making the gift (or the person's representative) also attends.

- Use a sign-in sheet to identify the reportable persons who attend an event that is an activity expense.

Drop-In Rule

If an official notifies a donor/host in writing that he or she did not stay for any meal or entertainment and received only minimal appetizers and drinks, the value of the gift is the cost of the food and beverage consumed by the official and guest accompanying the official plus the value of any specific item provided to the official at the event. If the donor already disclosed the amount on a quarterly statement, he or she may adjust the amount benefiting the reportable person.

Tickets to Nonprofit Fundraising Events

To determine the value of a ticket to a nonprofit organization's fundraising event, look first at the type of organization holding the event and whether the public official receives the ticket from the nonprofit or from another person as reviewed below.

Tickets Provided by Lobbying Entities

The value of a ticket to a nonprofit's fundraising event provided by a lobbyist, lobbying firm, or lobbyist employer (any source other than the nonprofit organization) to an official, is the nondeductible portion of the admission. This value applies as long as the ticket clearly states the portion that is a tax-deductible donation or the nonprofit provides this information.

If there is no ticket or information as to the value of the nondeductible portion of the admission, the value is the pro-rata share of the cost for catering services, entertainment, and any item provided to the official and guest divided by the number of acceptances or the number

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of attendees. You may not divide the total cost of the event by the number of individuals invited.

The value of golf green fees is valued at fair market value.

Tickets Provided by Nonprofit Organizations exempt under Section 501(c)(3) of the Internal Revenue Code:

An organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code may provide an official with two tickets per fundraising event that are deemed to have no value. Neither the nonprofit organization nor the official reports the tickets. The ticket's value does not change if the official sits at a table with a lobbyist so long as the nonprofit organization extends the invitation.

Ex 4.15 - A lobbyist employer purchases a table for $600 at a 501(c)(3) charitable fundraising event and receives 10 tickets. The lobbyist employer invites a legislator. The nonprofit notifies the lobbyist employer that each ticket is valued at $60 of which $30 is a tax-deductible donation to the nonprofit. The gift's value is $30.

Tickets to Political Fundraisers

A political committee may provide an official with two tickets per fundraising event that are deemed to have no value. The campaign committee must provide the tickets. Use this valuation method for similar political committees formed at the federal level or in another state.

I. Travel

Travel Payments Made by Lobbying Filers

- A lobbyist employer may pay the travel costs for a state official to present a speech related to a legislative or governmental purpose. The travel costs are not subject to the gift limit if the lobbyist employer only pays for the actual transportation costs, if the travel is within the United States, and if lodging and subsistence expenses apply only to the day immediately preceding, the day of, and the day immediately following the speech. The payment must be reported as an activity expense.

- A lobbying entity that is also a bona fide public or private educational institution, or a nonprofit organization that is exempt under Section 501(c)(3) of the Internal Revenue Code may pay the travel expenses of state officials. Travel payments must be reasonably related to a legislative or governmental purpose and payments are not subject to the Act's gift limit. Travel is not limited to within the United States.

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- A payment for an elected official's air travel to attend the official's campaign fundraiser is a contribution. Contributions of $100 or more must be reported on a lobbying disclosure quarterly report.

- A lobbyist employer that is also a federal, state or local government entity and pays a state officials' travel expenses and related per diem expnses for education, training or other inter-agency programs or purposes is not required to report the payments on a lobbying report.

- Lobbyist employers that donate to a charity or government entity for the sole purpose of an official's travel payment may be considered the source of the travel payment (not the charity or governmental entity). In that situation, travel costs are subject to reporting and gift limits.

J. Exceptions to Activity Expenses

Informational Tours

On-site demonstrations, tours, or inspections designed specifically for officials are not gifts and are not subject to either the $10 or $460 gift limits. Travel to the site and subsistence provided to an official during an informational tour are generally considered gifts and are reported as activity expenses. Transportation that is an integral part of the tour and is not commercially available, however, may be considered informational material and not a gift.

Informational Material

In general, informational material (e.g., books, reports, pamphlets, calendars) provided to an official for the purpose of assisting him or her in performing official duties is not considered a gift or an activity expense. If the official can also use the informational material for personal purposes, the informational material provided is a reportable activity expense. For example, providing an official with a *Consumer Reports* magazine subscription is an activity expense because the items also provide a personal benefit to the official.

Ex 4.16 - A chartered bus tour of the Sacramento-San Joaquin Delta that an association of water agencies (a lobbyist employer) provides to legislators constitutes informational material, not a gift to the legislators. The tour enabled legislators to examine levees, fishing facilities, and local and state water projects in the Delta. Speakers from the California Departments of Water Resources and Fish and Game provided information throughout the tour. Thus, the tour served primarily to convey information and was provided to the legislators to assist them in performing their official duties of making decisions regarding California water policy. The lobbyist employer reports the expenses directly related to the bus tour under "Other Payments to Influence Legislative or Administrative Action." If meals were provided, the cost would be a reportable activity expense.

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Personalized Plaques and Trophies Valued at Less than $250

A personalized plaque or trophy valued at less than $250 is not a gift to a public official and the donor does not report it as an activity expense.

Ex 4.17 - A lobbyist employer hosts an awards banquet and presents to a legislator its "Legislator of the Year" engraved plaque. As long as the plaque's value is less than $250, the lobbyist employer and the legislator are not required to report the plaque as a gift.

K. Payments for Legislative, Governmental, or Charitable Events

Reporting Behested Payments. State elected officeholders and members of the California Public Utilities Commission ("PUC") must report payments of $5,000 or more made in connection with requests for monetary donations or goods or services for a legislative, governmental or charitable event or activity.

State officials file a Behested Payment Report, Form 803. The FPPC's website posts a summary of the reports listing the names of donors and their payment.

When a lobbyist employer or $5,000 filer makes such a payment, it must also report the payment if a primary purpose of the payment was to support lobbying activities.

L. Donations to Agency Raffles

When public agencies hold employee raffles and receive donated items from sources (other than the agency or agency employees), the person who provided the item is the source of a gift to the employee who wins the raffle prize. The reportable value of the gift is the item's fair market value less the employee's cost to participate in the raffle. A lobbyist employer must report an activity expense if reportable agency employees received a gift.

M. Honoraria Ban

Legislative officials, most state and local officials and employees, and candidates for state and local office may not accept honoraria payments.

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"Honorarium" is any payment made in consideration for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering. Payments or reimbursements for an official's transportation, lodging, and subsistence are generally not considered honoraria.

Questions and Answers

A. A lobbyist uses personal funds to take an official to lunch. The lobbyist's employer later reimburses the lobbyist. Is the lobbyist subject to the $10 gift limit under these circumstances?

Yes. A lobbyist may not make a gift of more than $10 per calendar month that benefits an official, even if an employer reimburses the lobbyist.

B. Is a lobbying firm prohibited from arranging an out-of-state speaking engagement for an official on behalf of one of the firm's clients?

Out-of-state travel is a gift that is subject to the $10 gift limit. Therefore, no lobbying firm employee may arrange the travel.

C. Must I provide the gift notification language on all invitations to events?

No. Invitations must contain the gift notification language if an official will receive a reportable gift. Officials must report gifts aggregating $50 or more in a calendar year from a single source.

D. May an official and spouse spend a weekend at the vacation home of a lobbyist?

No. The use of the vacation home is considered a gift and is subject to the $10 gift limit.

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E. A trade association provides each speaker at its conference a $25 gift basket. Is this a reportable activity expense?

Yes. Only nominal items such as pens, pencils, notepads, or similar items that all attendees receive are not gifts.

F. If a lobbyist pays for a reportable official's meal and within 30 days the official reimburses the lobbyist, must the lobbyist disclose the meal as an activity expense?

No. The lobbyist does not disclose the activity if the official reimburses the lobbyist within 30 days.

G. May a lobbyist, who is acting in his or her capacity as an association's executive director, make or arrange a gift of more than $10 that benefits an official?

No. No matter what other position a lobbyist holds, the gift limit and the prohibition against making or arranging gifts over $10 apply.

H. May a lobbyist take an official to lunch and pay more than $10 if the official buys the lobbyist's lunch the next time they meet?

No. There is no provision in the law for reciprocal gifts with a lobbyist.

I. A lobbyist employer purchased a table at a nonprofit's fundraiser. The nonprofit placed a reportable official at the same table. Is the lobbyist employer required to report an activity expense?

No. The nonprofit is the source of the gift if it provided the ticket to the public official. The seating arrangement would not change this fact.

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J. A lobbyist employer purchased a table at a fundraising event for a 501(c)(3) nonprofit organization. May the lobbyist employer invite a legislator to attend?

Yes. The legislator received the invitation from the lobbyist employer, however, and not the 501(c)(3) organization, so the ticket is a reportable gift subject to the gift limit.

K. A lobbyist employer hosted an invitation-only dinner to announce a new California wine. A total of 300 people were invited, including all 120 members of the state Legislature, as well as a limited number of their staff, and several state agency officials.. The event costs, including catering and entertainment, totaled $7,800. Although 250 invitees accepted the invitation, only 75 people actually attended. What is the amount of the gift each official received?

To determine the pro-rata share of the cost of the event, you may use either the number of individuals who accepted the invitation or the actual number of attendees. If you use the number who accepted, divide $7,800 by 250, for a total pro-rata share of $31.20 per person. If you choose to use the number of attendees, however, the gift's value is $104.

L. May a lobbyist contribute flowers in memorial to a deceased legislator's spouse?

Yes, bereavement offerings typically provided in memory of and concurrent with the passing of an official's relative are not gifts.

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M. I am a lobbyist and am considering dating a reportable official. Do I have to report meals and entertainment I pay for while we are dating?

No. Personal benefits commonly exchanged between a lobbyist and a reportable official on a date or in a dating relationship are gifts but are not reportable or subject to limits. The Act's conflict of interest rules apply, however. You would be considered a source of income to the official and the official should consult the disqualification rules.

N. May a lobbyist or lobbying firm make a charitable donation at the behest of a state elected officer?

Yes. Neither a lobbyist nor a lobbying firm may make campaign contributions, but they may make payments at the behest of a state elected officer for a charitable, legislative or governmental purpose. The official will report payments of $5,000 or more from a single source in a calendar year, and the FPPC will publish the reports.

Authority

The following Government Code sections provide authority for the preceding information in this chapter:

Government Code Sections

82015	Contribution
82028	Gift
82038	Legislative Official
86111	Activity Expense; Agency Official
86112.3	Invitations
86112.5	Notification to Beneficiary of a Gift
86201	Gift
86203	Unlawful Gifts
87207	Disclosure of Income
89501	Honoraria (Definition)

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89502	Honorarium (Prohibition)
89503	Gift Limits
89506	Travel Payments, Advances and Reimbursements

Title 2 Regulations

18624	Lobbyist Arranging Gifts
18640	Activity Expenses
18940	Guide to Gift Regulations
18940.1	General Definitions
18940.2	Gift Amount Limit
18941	Receipt, Promise and Acceptance of Gifts
18942	Exceptions to Gift and Exceptions to Gift Limits
18942.1	Definition of “Informational Material”
18943	Gift to Officials Through Family Member
18944.2	Agency Raffles and Exchanges of Presents.
18945	Source of Gifts
18946	Valuation of Gifts
18946.1	Exception--Valuation of Gifts: Passes and Tickets
18946.2	Exception--Valuation of Gifts: Attendance at Invitation-Only Events
18946.3	Exception--Valuation of Gifts: Wedding Gifts
18946.4	Valuation of Gifts: Attendance at Nonprofit or Political Organization Fundraising Events
18950	Travel Payments
18950.3	Exception: Payments for Travel in Connection With Campaign Activities

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Quarterly Disclosure Reports

Quarterly reports, filed with the Secretary of State, disclose receipts and payments in connection with lobbying activity and each is due after a calendar quarter.

Filer	Form	Reporting Period	Deadline
Lobbyist	615	January, February, March	April 30
Lobbying Firm	625	April, May, and June	July 31
Lobbyist Employer	635	July, August, and September	October 31
$5,000 filer	645	October, November, and December	January 31

Although there are four different forms, the disclosure provisions are similar and, therefore, have been summarized into general guidelines.

A. General Guidelines

- File reports at the end of the month following the end of each calendar quarter. File a report for each calendar quarter, regardless of the level of activity.

- Each report period covers the entire calendar quarter. The cumulative period begins with January 1 of the current biennial legislative session. (Legislative sessions begin in odd-numbered years.)

  Exception: $5,000 filers file a report for each calendar quarter in which they spend $5,000 or more to influence legislative or administrative action. This amount does not include "activity expenses."

- For a person who qualifies as a lobbying filer after the first quarter of the current legislative session, the cumulative period begins with the first day of the calendar quarter in which the lobbying entity qualified.

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- Retain records and substantiating documents for five years following the date you reported the activities.

B. Allocating Payments

If you engage in lobbying and non-lobbying activities, only report those payments you make or income you receive that relate to attempting to influence the California State Legislature, Governor, or state administrative agencies.

Ex 5.1 - A lobbying firm received $50,000 from a client to:

- Engage in direct communication with the State Legislature on a pending law enforcement bill, $15,000;
- Lobby the U.S. Congress on a similar bill, $10,000; and
- Provide legal representation in a court case, $25,000.

The lobbying firm reports $15,000 on its Form 625.

In some circumstances, you may need to allocate payments based on the percentage lobbying activity. If you need to allocate, prepare a written statement that details the percentages that apply for the reporting periods and the allocation method. Retain this written statement with your records. Review your allocation formula on a regular basis.

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Memorandum

To: File
From: Accounting Office
Subject: Lobbying Activity

Based on a review of our lobbyist's timesheets for last year, we have determined that during the first three quarters of the prior year, she spent 75 percent of her time on lobbying activities. During the fourth quarter, the rate was 10 percent. Because our activities are fairly consistent from year to year, we have decided to apply the prior year's allocations. We will review our activities each quarter to ensure that no significant changes have occurred. Therefore, for purposes of reporting salary to our lobbyist and other expenses to support the lobbyist, we will allocate as follows:

1st, 2nd, and 3rd Quarters	75%
4th Quarter	10%

On a quarterly basis, we will calculate compensation we pay to other employees who spend 10 percent or more of their compensated time in a calendar month on lobbying activities.

With respect to overhead and operating expenses, a review of our records for the year indicates that during the first, second, and third quarters, lobbying activities accounted for 15 percent of our overhead and operating expenses. During the fourth quarter, the rate was less than one percent. Unless significant changes occur, we will allocate operating and overhead expenses as follows:

1st, 2nd, and 3rd Quarters	15%
4th Quarter	- 0 -

Quick Tip!

FPPC Regulation 18614 clarifies when payments to a lobbying firm are reportable as payments for "lobbying services." The regulation addresses legislative-related services, initiative-related services, and litigation services.

C. Legislative or State Agency Administrative Action "Actively" Lobbied

Report only those legislative or administrative actions that were "actively lobbied" during the quarter. An action has been "actively lobbied" if a partner, owner, officer, or employee of the filer, or a lobbying firm with which the filer has contracted, has either engaged in direct communication or been directed by the filer to engage in direct communication with a qualified official for the purpose of influencing the action on behalf of the filer.

When listing state administrative actions, provide the name of the state agency or department. In lieu of bill numbers and regulation numbers, you may provide a specific description of each legislative or administrative action you actively lobbied during the quarter.

Do not list bills or administrative actions that:

- Have died prior to the reporting period;
- You are only monitoring; or
- The lobbyist employer/lobbying coalition has not attempted to influence during the calendar quarter.

D. Activity Expenses

Itemize all activity expenses that you incurred or arranged during the quarter, regardless of whether you actually paid them during the calendar quarter. Once you report an activity expense, you do not report it again.

An itemized activity expense must include the date, name and address of payee, name and position of each reportable person, and a description of the purpose. Disclose the amount of benefit for each reportable person and the total amount of the activity. Do not list employees or other non-reportable individuals.

Lobbying firms must report activity expenses for which a contract lobbyist employer/lobbying coalition reimburses the firm.

Important Notes:

- Do not attach copies of invoices, credit card receipts, or checks to the statement. Keep such documents in your records.
- When a filer shares an activity expense, list the filer's portion in the "Total Amount of Activity" column. Indicate in a note the total cost of the activity expense and that the filer shared the cost.
- Report both the credit card company and the vendor (e.g., restaurant) if you charge an activity expense to a credit card.

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- When a lobbyist employer's or lobbying firm's sponsored recipient committee pays for an activity expense, report the expense on the quarterly report as though the filer made it directly. In addition, if a filer's subsidiary pays for an activity expense on the filer's behalf, the filer must report the payment.

E. Campaign Contributions Disclosure

Lobbying filers must disclose contributions totaling $100 or more in a calendar year to state candidates, elected state officers, their controlled committees (including controlled ballot measure committees, legal defense committees, or officeholder committees), and committees primarily formed to support or oppose such officers or candidates.

Report the date and amount of the contribution, the name of the recipient, and the recipient's committee identification number, if applicable.

If a lobbying filer makes a contribution prior to qualifying, but within the same calendar quarter of registering to lobby, the filer must disclose the contribution.

Do not report contributions to federal candidate committees even if a state officeholder is seeking the office.

If all of the contributions made during the quarter by the lobbying firm, lobbyist employer/lobbying coalition, $5,000 filer or by its sponsored committee are reported on a campaign disclosure statement required under Government Code Section 84200, et seq. (e.g., Form 460 or 461), which is on file with the Secretary of State, identify the name of the committee and the committee's identification number, if applicable. It is not necessary to itemize these contributions.

If a lobbying filer or a filer's sponsored committee has filed a campaign report (e.g. Form 497, Form 460 or Form 461) with the Secretary of State disclosing a reportable contribution, the contribution does not need to be listed again on the lobbying report. The filer must report the committee's name and identification number.

Ex 5.2 - In January, Emily Brown made a contribution from her personal funds to State Senator Perez's local committee for mayor. In March, Emily became a lobbyist registered to lobby the Legislature. Because Senator Perez is an elected state officer, Emily must report the contribution on her Form 615 for the first quarter of the year. (As a lobbyist, Emily may not make future contributions to a state or local committee the Senator controls.) Later that year, Emily made a personal contribution to a candidate for Attorney General. This contribution was permissible because Emily does not lobby the Department of Justice. If the contribution were $100 or more, she must report it.

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F. Delivering Campaign Contributions

Contributions and the original or a copy of a contribution transmittal letter may not be personally delivered in the State Capitol, in any state office building or in any office for which the State of California pays the majority of the rent. The only exception to this prohibition is a legislative district office. “Personally delivered” includes delivering a copy or facsimile of a contribution. “Personally delivered” does not include contributions sent through the mail.

Lobbyists must report contributions they make during the calendar quarter that total $100 or more in the calendar year and those that they personally deliver to state candidates or elected state officers, regardless of the source. A lobbyist need not report contributions delivered on behalf of a lobbyist employer or another person unless the lobbyist personally delivers the contribution to the candidate or officeholder or to the candidate/officeholder’s treasurer or agent, in the candidate/officeholder’s presence, and with his or her knowledge.

Answering Your Questions

A. May a lobbyist attend a fundraiser if the ticket is paid in full by a lobbyist employer?

Yes. A lobbyist may attend a fundraiser as long as the lobbyist does not pay for the tickets with personal funds or assets. See FPPC Regulation 18572 for restrictions.

G. Verification

In the case of the Lobbyist Report, Form 615, the lobbyist must sign the paper copy. If the lobbyist is not available to sign the report on or before the filing deadline, an agent may sign. The agent should attach a note stating that, as soon as the lobbyist is available, he or she will sign the report and file an amendment.

In the case of the Lobbying Firm Report, Form 625, the the individual who is designated on the lobbying firm’s registration statement as

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the responsible office must sign and verify the paper copy. If the designated responsible officer is not available to sign the report on or before the filing deadline, another responsible officer or an attorney or certified public accountant may sign the report. The filer should attach an explanatory note stating that, as soon as the designated responsible officer is available, he or she will file an amendment.

In the case of the Lobbyist Employer/Lobbying Coalition Report, Form 635, and $5,000 Filer Report, Form 645, a responsible officer, an attorney, or a certified public accountant who acts as an agent for the entity or organization must sign and verify the report. The same individual is not required to sign all statements.

Amendments to Disclosure Reports

To amend information on a lobbying disclosure report, file an Amendment to Lobbying Disclosure Report, Form 690.

H. Quarterly Reports and Attachments

The following section provides instructions and examples for completing the four quarterly reports: Forms 615, 625, 635, and 645. This section also addresses the most commonly used attachment forms: Forms 640, 635C, and 630. The form to amend the quarterly reports, Form 690, concludes the chapter.

I. Lobbyist Report, Form 615

A lobbyist must identify his or her name and address and disclose activity expenses and campaign contributions.

All activity expenses the lobbyist arranged, incurred or paid must be itemized during the period in which they occurred regardless of whether they were actually paid during the period. When reporting under the “Name and Official Position of Reportable Person and Amount Benefiting Each,” neither the lobbyist nor any other person who is not a reportable person is required to be listed. The total number of persons who benefited must be kept in the lobbyist’s records. When reporting under the “Total Amount of Activity,” the

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lobbyist reports the total amount he or she paid, arranged or incurred for the activity, not just the amount benefiting reportable people.

The completed Form 615 must be submitted to the lobbyist's employer or lobbying firm for filing within two weeks following the end of each calendar quarter.

If a lobbyist changes employers in the middle of a quarter, the lobbyist will file two Forms 615: one covering the period with the former employer and one covering the period with the new employer.

J. Report of Lobbying Firm, Form 625

A lobbying firm will file reports and include lobbyist reports as attachments.

Partners, Owners, Officers, and Employees Who Engaged in Direct Communication

If no partner, owner, officer or employee of the firm qualifies as a lobbyist, list the name and title of each partner, owner, officer or employee of the lobbying firm who, on at least five separate occasions during the quarter, engaged in direct communication with any elected state official, legislative official or agency official for the purpose of influencing legislative or administrative action. Do not include employees whose actions were solely clerical.

Payments Received in Connection With Lobbying Activity

List the name, address and telephone number of each lobbyist employer/lobbying coalition on whose behalf the lobbying firm is registered to lobby whether or not the firm has received a payment from the client during the calendar quarter.

If a payment for a client is received from another source (e.g., a public relations firm or administrative services company), the lobbying firm must report both the source and the client.

If a lobbying firm receives a payment in connection for lobbying on behalf of another lobbying firm's client, the lobbying firm receiving the payment must report the other lobbying firm and the client.

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Lobbying firms must identify clients that make payments for and direct their lobbying activity. For more information on corporate clients and their subsidiaries, see Chapter 3.

Fees and Retainers

If a lobbying firm provides services other than lobbying (e.g., legal or administrative services) to a client on whose behalf the firm is registered to lobby, the firm only reports payments received for lobbying-related activities.

The firm need not disclose payments for initiative-related or legislative-related services (e.g., bill monitoring) on issues for which the lobbying firm has not been authorized to directly communicate with legislative or agency officials. A lobbying firm, however, must retroactively report payments received for initiative-related and legislative-related services if, within one year of receiving such payments, the firm is authorized to lobby on the same or substantially the same matter. Include the nature of the payment and the date the firm was authorized to lobby. Regulation 18614 (Reportable Lobbying Services) provides guidance on this reporting requirement.

Reimbursement of Expenses

If reimbursement is received for expenses incurred in a prior quarter, indicate in a footnote during which calendar quarter the expenses were incurred.

Payments Made in Connection With Lobbying Activities Activity Expenses Arranged, Incurred or Paid by the Lobbying Firm

Itemize activity expenses that individuals in the lobbying firm, other than registered lobbyists, arranged, incurred, or made on the firm's behalf. The total of these payments is reported in Part III, Section A-1. The lobbyist itemizes these expenses on his or her Form 615.

If a client later reimburses the lobbying firm, report the reimbursement in Part II.

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Do not itemize activity expenses paid or incurred by a salaried lobbyist that were merely reimbursed by or charged to an account the firm paid.

Payments Made to Other Lobbying Firms

If the lobbying firm subcontracts with another lobbying firm to lobby on behalf of a client, itemize payments to the subcontracting firm in Part III, Section B.

Answering Your Questions

A. Is the responsible officer of the lobbying firm the only person who may sign the Report of Lobbying Firm, Form 625?

Yes. The individual who is designated on the lobbying firm's registration statement must verify and sign the report.

B. Is a lobbying firm required to list lobbying clients that have not made payments to the firm during the calendar quarter covered by the report?

Yes. The lobbying firm must list the name, address and telephone number of each of its clients on whose behalf the lobbying firm is registered to lobby, whether or not the firm has received a payment from the client.

C. Must a lobbying firm report payments from clients contracting only for bill tracking services?

No. Lobbying firms are only required to report payments from persons who pay the firm to engage in direct communication for the purpose of influencing legislative or administrative action.

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D. When are fees and retainers reported?

A lobbying firm must report receipt of a client's fee or retainer on the report covering the calendar quarter in which the payment was received. If the payment was for services provided in a prior calendar quarter, indicate on the report the quarter in which services were provided.

K. Report of Lobbyist Employer and Report of Lobbying Coalition, Form 635

If the organization or entity employs an in-house lobbyist, file Form 615 with Form 635. In addition, if the lobbyist employer is a member of a lobbying coalition or is a lobbying coalition, Form 630 or Form 635-C is also required to be filed. All governmental entities must also complete Form 640, which requires additional itemization of the agency's general expenses for lobbying.

Form 635, Part III. Payments Made in Connection With Lobbying Activities

Disclose payments to in-house lobbyists are in Part III, Section A. Such payments include:

- Salaries. Salary includes gross wages paid plus any fringe benefits that are in lieu of wages, such as granting stock options or purchasing annuities. Salary does not include routine fringe benefits, such as the employer's contributions to a health plan, retirement plan, or payroll taxes; Reimbursements of expenses (including activity expenses);
- Advances for expenses or salary; and
- Any other payments made directly to the lobbyist(s).

Important Notes:

- Do not include payments made directly to a vendor for an in-house lobbyist's lobbying expenses (e.g., automobile lease agency, restaurant, credit card company, membership club). Report such payments under "Other Payments to Influence," Part III, Section D (2).

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- If an in-house lobbyist performs duties other than lobbying, only report the portion of his or her salary and expenses allocated to lobbying. (See Chapter 6 for instructions on how to allocate lobbying expenses.)

Part III Section B. Payments to Lobbying Firms (Including Individual Contract Lobbyists)

Report payments to lobbying firms in Section B of Part III. If a lobbying firm provides services other than lobbying, only report payments for lobbying-related activities. List each lobbying firm authorized to lobby on behalf of the lobbyist employer/coalition, even if no payments to the firm have been made during the period this report covers.

Part III Section C. Activity Expenses

Lobbyist employers must report activity expenses they make, as well as activity expenses their sponsored campaign committees pay in Part III, Section C.

Do not list activity expenses paid or incurred by a salaried lobbyist that were merely reimbursed by or charged to an account the lobbyist employer/lobbying coalition pays. Itemize such activity expenses on the lobbyist's Form 615 and report as an overhead expense on the Form 635.

The lobbying employer's disclosure of reimbursements for expenses incurred by an in-house lobbyist depends on how the expenses were paid:

- If the lobbying employer makes the payment directly to the lobbyist, report the amount on the Form 635 in Part III, Section A.

- If the lobbyist charges an expense to an account for which the lobbyist employer makes a direct payment to the credit card company or vendor, report the amount on the Form 635 in Part III, Section D.

Lobbyist employers must itemize costs associated with events that are activity expenses (e.g., a legislative reception). If a lobbyist employer

Ex 5.3 - The PAC for the California Dairy Association, a lobbyist employer, pays for a dinner for a legislative official and his spouse. The PAC reports the payment as an expenditure and the California Dairy Association reports the payment as an activity expense on its Form 635.

Ex 5.4 - At a lunch meeting with a Social Services Department official, in-house lobbyist Ron McPherson charged sandwiches and beverages on his employer's credit card. Ron must itemize the activity expense on his Form 615. His employer must include the payment in Part III Section D under "Other Payments" on the Form 635.

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shares the costs of a reception or similar event, list the lobbyist employer's portion in the total amount of activity column. Indicate in a note the total cost of the activity and that others shared the cost. (See Chapter 4 for more information on activity expenses.)

Part III Section D. Other Payments to Influence Legislative or Administrative Action

In this section filers, other than non-government agencies, report:

- Payments made to a lobbying coalition.
- Compensation paid to non-lobbyist employees who spend 10 percent or more of their compensated time in any one calendar month in connection with lobbying activities. This would include time non-lobbyist employees spend engaging in or urging others to engage in direct communication, and providing research services and preparing materials to be used in direct communication or in connection with soliciting or urging others to engage in direct communication.
- Salary includes gross wages paid plus any benefits that are in lieu of wages (e.g., granting stock options or purchasing annuities). It does not include routine fringe benefits, such as the employer's contributions to a health plan, retirement plan, or payroll taxes.

Exception: Do not report compensation paid to an employee whose duties are solely clerical, or are limited to the compilation of data or statistics.

- Expenses a lobbyist incurred but that the filer did not pay directly to the lobbyist (e.g., a direct payment to a credit card company).
- Expenses incurred for goods or services a lobbyist used or that were used to support or assist a lobbyist in connection with his or her activities as a lobbyist, such as legislative bill service, periodicals, automobile lease.

Quick Tip!

Governmental agency filers do not complete this section, but must use Form 640 instead. (See page 5-11.)

Ex 5.5 - Pattie Purcell, a non-lobbyist employee of a lobbyist employer, spent 75% of her time performing secretarial duties including tracking the status of legislation and administrative regulations. She did not provide analytical support to the lobbyist. Pattie's salary is not reportable.

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Exception: Do not report the costs of research (e.g., books, surveys, studies, reports) that were undertaken for solely non-lobbying purposes, even if you later use the research in lobbying-related communications.

- Any other expenses that would not have been incurred but for the filer's activities to influence or attempt to influence legislative or administrative actions, including office overhead and operating expenses, payments to expert witnesses, and expenses incurred by employees other than a lobbyist.

Ex 5.6 - Tony Malone is the General Counsel and lobbyist for the Alliance for Public Schools. On one day, he incurred travel expenses to attend a meeting during which he spent two hours on legislative business and two hours on non-legislative business. He charged the expenses to his employer's credit card. For reporting purposes, he may allocate the travel expenses (transportation, lodging and subsistence) between the legislative and non-legislative activities.

Important Note:

A lobbyist employer must retroactively disclose in Part III, Section B payments made to a lobbying firm for initiative-related or legislative-related services (e.g. bill monitoring, drafting statutes) if, within one year of making such payments, the lobbyist employer authorizes the lobbying firm to lobby on the same or substantially the same matter. If the lobbyist employer had previously reported the payments as "Other Payments," the payments must be deducted from Part III Section D and a note provided to indicate the amount of the deduction.

Ex 5.7 - The Alliance for Public Schools sends a special mailing asking recipients to call their legislators and request a "yes" vote on Assembly Bill 1010. Also included in the mailing is non-legislative material. For reporting purposes, any reasonable allocation method made in good faith may be used to determine the amount reported under "Other Payments."

Part III Section E. Payments in Connection with Administrative Testimony in Ratemaking Proceedings Before the California Public Utilities Commission

Report payments made in connection with administrative testimony in PUC ratemaking or quasi-legislative proceedings in Section E, unless you make the payments to a lobbyist or lobbying firm.

PUC ratemaking and quasi-legislative proceedings are defined in Appendix 1 under "Administrative Action" and "Administrative Testimony."

Reporting payments made in connection with administrative testimony in PUC regulatory proceedings is limited to the following:

- Compensation paid to all attorneys (excluding lobbyists) for time spent appearing as counsel and preparing the oral testimony.

- Compensation paid to all witnesses (excluding lobbyists) for time spent testifying and preparing to testify.

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- Payments made for “grass-roots” lobbying, such as soliciting others to urge the PUC to act in a certain way.

No other in-house expenses or overhead in connection with administrative testimony before the PUC are reportable. Payments, however, that are connected with direct communication outside the regulatory proceedings may be reportable.

Answering Your Questions

A. Who may sign the Report of Lobbyist Employer, Form 635?

A responsible officer of the lobbyist employer/lobbying coalition or an attorney or certified public accountant who acts as an agent of the lobbyist employer/lobbying coalition may sign the Form 635.

B. Must a lobbyist employer/lobbying coalition itemize the activity expenses incurred or paid by its lobbyist?

No. But if a lobbyist arranges any payment a lobbyist employer/lobbying coalition incurred that benefits a reportable person, however, both the employer and the lobbyist must itemize the expense.

C. How does a lobbyist employer/lobbying coalition retroactively report payments made to a lobbying firm for legislative-related or initiative-related services when the payments are made 12 months before the lobbying firm is authorized to lobby on behalf of the lobbyist employer/lobbying coalition?

On the first report covering the period the lobbying firm is authorized to lobby, the lobbyist employer must note in Part III, Section B the date the lobbying firm was authorized to lobby and identify the nature of the previous payments (e.g., legislative-related or initiative-related services). If applicable, a note must indicate that the amount has been deducted from Section D, “Other Payments.”

Ex 5.8 - In-house lobbyist Sally Jones personally invites a legislator to attend a breakfast meeting with her supervisor. Sally will not be attending the meeting. For disclosure purposes, because Sally arranged for the event, she must disclose the activity expense on her Form 615. In addition, the activity expense must be itemized on her employer’s Form 635. Because Sally arranged the meeting, the gift (e.g., food and beverage) may not exceed $10.

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D. If a lobbyist employer hires a lobbying firm and that lobbying firm subcontracts with another lobbying firm, does the lobbyist employer report the second lobbying firm on the Form 635?

No.

E. If a lobbyist employer/lobbying coalition terminates all lobbying activity in the middle of a quarter, does the period covered on the statement continue through the end of the quarter?

No. The period covered on that statement ends on the date the lobbyist employer/lobbying coalition terminates all lobbying activity (e.g., lobbyist employer terminates on 2/15/14. The period covered would be 1/1/14 through 2/15/14.)

L. Governmental Agencies Reporting of "Other Payments to Influence Legislative or Administrative Action," Form 640

State and local government agencies that are lobbyist employers/ lobbying coalitions or $5,000 filers are subject to additional disclosure requirements and must attach Form 640 to their quarterly lobbying reports (Form 635 or 645). Form 640 replaces Part III, Section D of Form 635 or Part II, Section B of Form 645.

State and local government agencies must itemize payments of $250 or more made during a calendar quarter for the following:

- Goods or services, other than normal overhead, used by a lobbyist or used to support or assist a lobbyist in connection with his or her activities.

- Dues or similar payments to any organization, including a federation, trade, labor, or membership organization that is a lobbyist employer and makes expenditures equal to 10 percent of its total expenditures, or $15,000 or more during any calendar quarter, to lobby the State Legislature or state administrative agencies. When reporting dues or similar payments, report the entire amount of the dues payments made during the calendar

Quick Tip!

Dues or similar payments made to organizations need not be counted for purposes of determining if the agency qualifies as a lobbyist employer/lobbying coalition or a $5,000 filer unless the organization assesses dues or other payments specifically for lobbying activities.

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quarter the report covers. The agency need not determine what portion of its dues payments it used for lobbying.

- Any other expenses, other than normal overhead, which would not have been incurred but for the agency's lobbying activities.

"Overhead" means payments for goods or services that one would normally think of as necessary to maintain an office, such as rent, utilities, janitorial services, etc.

Quick Tip!

Form 640 should not include payments to salaried lobbyists, lobbying firms, activity expenses the governmental agency incurred, or payments it made in connection with PUC lobbying activity.

Answering Your Questions

A. Should a governmental agency attach a Form 640 to its quarterly report if it does not make payments that have to be reported as "Other Payments to Influence" (Part III, Section D of Form 635 or Part II, Section B of Form 645)?

No. The agency need not file Form 640 as long as it clearly indicates on Form 635 or 645 (including the Summary of Payments Section on page 1) that it made no "other payments" during the quarter.

B. Should an association that is a lobbyist employer file Form 640 if its membership is comprised of governmental agencies?

No. Only governmental agencies that are lobbyist employers or $5,000 filers file the Form 640.

C. Should a governmental agency report on its Form 640 the dues payments it makes on behalf of its employees who are members of associations that lobby (e.g., membership to the State Bar)?

No. A governmental agency does not report dues it pays for an employee's membership in an organization, whether or not the organization lobbies. Such payments are considered part of the employee's routine fringe benefits.

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D. Is a county required to file Form 640 if it makes dues payments to the California State Association of Counties (CSAC) but does not employ a lobbyist and does not make payments to a lobbying firm?

No. The county must first qualify as a lobbyist employer or a $5,000 filer before it is required to itemize its dues payments on a Form 640.

E. Is a governmental agency required to report a non-lobbyist employee's salary on its Form 640?

Yes, if an employee spends 10% or more of his or her compensated time in a calendar month on lobbying activity. Do not include salaries for people whose duties are solely clerical or are limited to the compilation of data or statistics.

M. Lobbying Coalition-Related Attachments

Payments Lobbying Coalitions Receive, Form 635-C

A lobbying coalition must include a Form 635-C with its quarterly Form 635 to disclose payments it received from its members. The coalition must identify each member on each quarterly report even if the member has not made a payment during the quarter. If a member has not made a payment during a quarter, enter zero and the cumulative amount received since January 1 of the biennial legislative session.

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#10 example

Payments Made To Lobbying Coalitions, Form 630

A lobbyist employer that is a member of a lobbying coalition must include a Form 630 with its quarterly Form 635 to disclose payments made to the coalition. File reports for each calendar quarter even if no payment was made.

#11 example

N. Report of Person Spending $5,000 or More to Influence Legislative or Administrative Action, Form 645

A person who does not employ a lobbyist or contract with a lobbying firm but makes payments totaling $5,000 or more in a calendar quarter to influence legislative or administrative action must report activity for that calendar quarter on Form 645. The person need not file Form 645 for any quarter in which the person does not spend $5,000. Do not include activity expenses to determine the $5,000 threshold.

Ex 5.9 - The Alliance of Healthcare Providers paid $7,500 for newspaper advertisements urging voters to call their legislator for a 'yes' vote on AB 557. The Alliance is not a lobbyist employer. Although the Alliance is not a lobbyist employer, it must file Form 645 and report $7,500 under "Other Payments to Influence Legislative or Administrative Action."

#4 example

O. Amendment To Lobbying Disclosure Report, Form 690

Use Form 690 to amend information reported on Forms 615, 625, 630, 635, 635-C, 640, and 645. Use a separate Form 690 for each report you amend. If further clarification is needed, include the appropriate revised pages of the form you amended to show changed information.

There is no deadline for filing a Form 690, however, file all amendments as soon as practical.

The lobbyist must sign the verification if the amendment is in connection with a Form 615. Only the designated officer of a lobbying

firm may sign the verification when the amendment is in connection with a Form 625. In the case of an amendment a lobbyist employer/ lobbying coalition or $5,000 filer files, a responsible officer may sign the verification.

#12 example

Authority

The following Government Code sections provide authority for the preceding information in this chapter:

Government Code Sections

81004	Reports and Statements; Perjury; Verification
84309	Transmittal of Campaign Contributions in State Office Buildings
85702	Contributions from Lobbyists
86110	Recordkeeping
86111	Activity Expense; Agency Official
86112.5	Invitations
86112	Activity Expenses; Reporting
86113	Periodic Reports; Lobbyists; Contents
86114	Periodic Reports; Lobbying Firms; Contents
86115	Periodic Reports; Employers and Others
86116	Periodic Reports; Employers and Others; Contents
86116.5	Periodic Reports; State and Local Government Agencies
86117	Periodic Reports; Filing; Time
86118	Periodic Reports; Where to File

Title 2 Regulations

18572	Lobbyist Contributions – Making a Contribution Defined
18610	Lobbyist Accounting
18611	Lobbyist Reporting
18612	Accounting by Lobbying Firms
18613	Reporting by Lobbying Firms
18614	Payments for Lobbying Services
18615	Accounting by Lobbyist Employers and Persons Spending $5,000 or More to Influence Legislative or Administrative Action
18616	Reports by Lobbyist Employers and Persons Spending $5,000 or More to Influence Legislative or Administrative Action
18616.4	Reports by Lobbying Coalitions Which Are Lobbyist Employers; Reports by Members of Lobbying Coalitions
18617	Early Filing of Periodic Reports
18624	Lobbyist Arranging Gifts

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Recordkeeping

A recordkeeping system must ensure the accuracy and reliability of all information in connection with lobbying activities. Records must be maintained in accordance with accepted accounting principles.

The following recordkeeping guidelines conform with FPPC regulations. The guidelines address the most common transactions and will assist in keeping adequate records of payments received and payments made for lobbying activities. An electronic or paper recordkeeping system may be used, so long as hard copies can be provided.

Lobbyists, lobbying firms, and lobbyist employers/lobbying coalitions are required to keep financial records and substantiating documents for a period of five years from the date of the filer's final report for the calendar year for which activities were reported.

Lobbying firms and lobbyist employers have the same recordkeeping requirements related to payments received for lobbying and non-lobbying activities, activity expenses and campaign contributions.

For information about allocating payments, see Chapter 5.

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A. Transaction Records

Sample Recording Journal:

Check No.	Cash	Date	Name and Address of Payee	Description	Total Amount	Percent Lobbying	Amount
Other Payments:							
150		20XX 1/24	Mid-Town Rentals 200 C Street Sacramento, CA	Office Space	$6,000	50%	$3,000
180		2/8	Rental Cars Express 100 Broadway Sacramento, CA	Lobbyist Travel to S.F.	186	100%	186
Activity Expenses:							
	X	1/19	Sam's Sandwiches 900 Capitol Avenue Sacramento, CA	Lunch Sen. King $9.98 Dan D. Jordan $14.32	24.30	100%	24.30
210		3/23	Bank of Tree City Visa Mom's Café 9 Front Street Sacramento, CA	Lunch Trevor Green Consultant to Assemblymember Amelia Tiburon $9.56 Emmelyn Silva $12.96	22.52	100%	22.52
Campaign Contributions:							
340		3/6	Kamille Cline for Senate 103 Malton Blvd. Shasta, CA	Campaign Contribution ID# 952468	250	N/A	250
345		3/10	Snazzy Buttons 703 Broadway Sacramento, CA Committee to Elect Cason Landon for Assembly	Campaign Contribution (Nonmonetary) ID# 958899 Election Buttons	632	N/A	632
Payments to Lobbyists:							
348		3/1	Dan D. Jordan 3600 Sandpiper Drive Sacramento, CA	Salary Reimbursement of Expenses	5,000 800	50% 100%	2,500 800
Payments Received:							
1369		3/5		SR Services, Inc. December Retainer Reimbursement of Expenses	9,000 600	100% 100%	9,000 600

In the event of an audit, provide the cash disbursements records, cash receipt records and supporting documentation so the auditor can verify the accuracy of the reported expenses and receipts. Specific records required are identified in the following pages.

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B. Activity Expenses

Maintain a cash disbursements journal or other form of record that shows all activity expenses incurred, paid or reimbursed.

Maintain substantiating documentation including restaurant or credit card receipts, invoices, or canceled checks (upon request) each activity expense.

The substantiating documentation must contain the following information:

- The full name of the payee;
- A description of the goods or services for which the payment was made;
- The date and amount of the payment;
- A breakdown of the total amount showing the amount of benefit each person received;
- The full name and official position of each elective state official, legislative official, state candidate or member of the immediate family of one of those individuals who was a beneficiary. Do not list non-reportable individuals; and
- The total number of all beneficiaries.

If it is not possible to get a receipt or invoice to support an expenditure, you must prepare a written voucher to support the expenditure. Prepare the voucher in a timely manner and include the information listed above.

Ex 6.1 - Six individuals, including two legislators, attended a dinner party a lobbyist employer hosted. The two legislators' names and position titles and the total number of individuals in attendance must be documented.

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C. Campaign Contributions

Maintain records of all monetary (including loans) and nonmonetary contributions of $25 or more made to a state candidate, an elected state officer, a committee controlled by an elected state officer or state candidate, or a committee primarily formed to support such an officeholder or candidate.

The cash disbursements records must contain the following information:

- The full name of the payee and the full name of the recipient of the contribution if other than the payee;
- The date of the contribution;
- The amount of the contribution;
- In the case of a nonmonetary contribution, a description of the goods or services or other consideration provided; and
- In the case of a contribution personally delivered by a lobbyist on behalf of another person, the name of the contributor.

Maintain substantiating documentation, including canceled checks and other bank records supporting the monetary contributions. Such documentation may also include correspondence and fundraising invitations.

Important Notes:

- Lobbyists may not make contributions to certain state candidates, officeholders, committees controlled by them or committees primarily formed to support or oppose certain state candidates or officeholders.
- Lobbying firms and lobbyist employers/lobbying coalitions that are required to maintain records as campaign committees are not required to keep separate records for lobbying disclosure. The records required for campaign disclosure statements meet the lobbying recordkeeping requirements for the campaign contributions reported on a lobbying disclosure report. This documentation may be requested in an audit.

Ex 6.2 - A lobbyist employer sponsors a general purpose committee ("PAC") and regularly files campaign statements (Form 460). As long as the PAC maintains the required supporting documentation, separate documentation is not required in the lobbying records.

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D. Payments Lobbying Firms Receive and Make

Maintain a cash receipts journal or other form of record showing all payments received for lobbying services (e.g., fees, retainers, reimbursements). The records must contain the following information:

- The date and amount of each payment the lobbying firm received;
- The full name of each person who makes payments to the lobbying firm and if the payment was made on behalf of another client, the full name of both parties;
- The calendar quarter during which the services were rendered.

If a lobbying firm subcontracts with another lobbying firm, including an independent contract lobbyist, for lobbying services, the cash disbursements records must contain the payments made to the subcontractor, including:

- The full name of the client/lobbyist employer;
- The full name of the subcontractor;
- The date and amount of each payment.

Maintain substantiating documentation, including copies of contracts or correspondence, canceled checks, bank statements, and invoices.

E. Payments Made by Lobbyist Employers/Lobbying Coalitions

Record all payments, such as salaries, fees, reimbursements of expenses, advances, or other payments made to an in-house employee lobbyist in the disbursements records. Salary includes gross wages paid plus any fringe benefits that are in lieu of wages but does not include routine fringe benefits such as the employer's contributions to a health plan or retirement plan or payroll taxes. The disbursements records must include:

- The full name of the lobbyist;

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- The date of the payment; and
- The amount of the payment.

For each payment made to a lobbying firm (including an independent contract lobbyist) for lobbying services, the disbursements records must show:

- The full name of the lobbying firm that received the payment;
- The date and amount of the payment; and
- The calendar quarter during which the services paid for were rendered.

Maintain substantiating documentation, including canceled checks, receipts or invoices and bank statements.

F. Other Payments to Influence Legislative or Administrative Action

See Chapter 5 to determine what is included in the definition of "other payments to influence legislative or administrative action."

For other payments, the disbursements records must include:

- The full name of the payee;
- The date of the payment;
- The amount of the payment; and
- A description of the goods or services or other consideration for which the payment was made.

Following is a list of some of the types of payments that are required to be disclosed under "Other Payments to Influence":

- Bill service;
- Bill monitoring services;

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- Payments made directly to a vendor for the lobbyist's air travel, meals, and automobile expenses;
- Conference fees for a lobbyist;
- Payments to a public relations firm for advice, goods or services in connection with influencing legislative or administrative action;
- Payments to a law firm for drafting or analyzing legislation when the firm does not engage in direct communication on behalf of the lobbyist employer/lobbying coalition;
- Payments for informational brochures, videos, pamphlets and similar materials specifically designed for lobbying purposes; and
- Payments in connection with soliciting or urging persons other than employees to enter into direct communication with a reportable person for the primary purpose of influencing legislative or administrative action.

Exception: Do not report payments for research that is undertaken for non-lobbying purposes even if the results are subsequently used in lobbying-related videos, pamphlets, etc.

Ex 6.3 - A lobbyist employer sends a special mailing asking the public to call their legislators and request a "yes" vote on Assembly Bill 1010. Also included in the mailing is non-legislative material. For reporting purposes, any reasonable allocation method made in good faith may be used to determine the amount reported under "Other Payments."

G. Payments in Connection with Administrative Testimony in Proceedings Before the California Public Utilities Commission

Filers reporting expenses they incur in connection with proceedings before the California Public Utilities Commission must maintain records of compensation paid to attorneys for time spent appearing as counsel in those proceedings and compensation paid to witnesses for time spent testifying at those proceedings.

For each payment, the disbursements records must include:

- The full name of the payee;
- The date and amount of the payment; and
- A description of the payment.

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H. Audits

The Franchise Tax Board (FTB) conducts mandatory audits. The FTB performs the audits on a biennial basis and the audits cover reports filed during a period of two years. The audit pool includes each lobbying firm and each lobbyist employer who employs one or more lobbyists. The selection is random, with each entity having a 25-percent chance of audit. The audit selection, held at an FPPC public hearing, is in February of each odd-numbered year. Lobbyists of the firm or employer are also audited. As long as a lobbying firm or employer keep a separate record of all receipts and payments for lobbying activity, no additional records are required for the audit. The FTB and the Commission may also conduct discretionary audits.

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Authority

The following Government Code sections provide authority for the preceding information in this chapter:

Government Code Sections

82002	Administrative Action
82032	Influencing Legislative or Administrative Action
82037	Legislative Action
82045	Payment to Influence Legislative or Administrative Action
85702	Contributions from Lobbyists
86110	Recordkeeping
90000	Responsibility
90001	Mandatory Audits and Investigations
90002	Audits and Investigations; Time
90003	Discretionary Audits
90008	Preelection Auditing

Title 2 Regulations

18610	Lobbyist Accounting
18611	Lobbyist Reporting
18612	Accounting by Lobbying Firms
18613	Reporting by Lobbying Firms
18614	Payments for Lobbying Services
18615	Accounting by Lobbyist Employers and Persons Spending $5,000 or More to Influence Legislative or Administrative Action
18616	Reports by Lobbyist Employers and Persons Spending $5,000 or More to Influence Legislative or Administrative Action

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Restrictions

This chapter provides an overview of important restrictions regarding campaign contributions, gifts, honoraria, lobbying conduct, disqualification of public officials and post-governmental employment restrictions for former state officials. See Chapter 4 for specific guidance on gift and activity expense reporting.

A. Campaign Contributions

Lobbyist and Lobbying Firm Restrictions

Lobbyists may not mail, deliver, or otherwise transmit a campaign contribution, including a nonmonetary contribution, from their own personal assets to the following:

1. An elected state official,
2. A candidate for elective state office, or
3. A committee primarily formed to support or oppose such a candidate if the candidate is seeking an office with, or the official is an elected officeholder of, an agency the lobbyist is registered to lobby.

This prohibition also applies to a legal defense fund committee, a state or local ballot measure committee, an officeholder committee and a committee for an elected local office controlled by such state candidate.

If a business entity, including a lobbying firm, is owned, in whole or in part, by a lobbyist and the lobbyist participates in the decision to make the contribution, the entity may not contribute to a state-elected official or candidate. Otherwise, lobbying firms may make campaign contributions.

Ex 7.1 - Bert Rogers is registered to lobby the Legislature and the Attorney General's office. He may not make a contribution to any State Assembly member or Senator, any legislative candidate, the Attorney General, any candidate for Attorney General, any of their controlled committees, or any committee primarily formed to support or oppose such candidates. This prohibition applies to any ballot measure, local candidate, or legal defense fund committees the state candidates or officials may control. Bert may contribute, however, to another state official, such as the Secretary of State or Controller, or candidates for these offices.

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A campaign committee may not make a contribution to a state-elected official or candidate if the contribution is comprised of the personal assets of a lobbyist, in whole or in part, and the lobbyist participates in the decision to make the contribution.

A lobbyist is not prohibited from advising his or her clients or employer regarding making a contribution.

Home or Office Fundraising Events. Lobbyists and lobbying firms are prohibited from hosting fundraising events at their home or office.

Contribution Limits

Candidates for state office are subject to contribution limits. Campaign committees, including political party committees, that make contributions to state candidates, are also subject to contribution limits. These limits are reviewed for adjustment every odd-numbered year. For easy reference, the FPPC's website posts the current limits in effect.

Delivery of Campaign Contributions

No person may deliver or accept a campaign contribution in the State Capitol, a state office building or any building for which the State of California pays the majority of the rent. This includes delivery of a copy of a contribution check or a contribution transmittal letter. Contributions sent to the State Capitol or other building by mail and contributions delivered to a legislator's district office, are not prohibited.

Ex 7.2 - Dana Bethel is a lobbyist for the California Furniture Manufacturers' Coalition and is registered to lobby the State Legislature, the Governor and all state agencies.

Dana contributes to and sits on the board of a general purpose recipient committee for a state environmental group. Dana may not participate when the board decides which state candidates to support with a contribution.

Dana makes a personal contribution to a general purpose recipient committee that is not controlled by a state officer. Dana does not participate in deciding which state candidates receive contributions from this committee. Dana's contribution does not preclude the committee from making contributions to state officials.

B. Gift Limit for Lobbyists and Lobbying Firms

No lobbyist or lobbying firm may:

> Make a gift(s) aggregating more than ten dollars ($10) in a calendar month, act as an agent or intermediary in the making of such a gift, or arrange such a gift to any of the following officials:
>
> - A state candidate;
> - An elected state officer;

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- A legislative official;

- An agency official employed by an agency that is or should be listed on the lobbying registration statement.

See Chapter 4 for the definition of "arranges for the making of a gift."

C. General Prohibitions for Lobbyists and Lobbying Firms

No lobbyist or lobbying firm may:

- Do anything for the purpose of placing any elected state officer, legislative official, agency official or state candidate under personal obligation to the lobbyist, lobbying firm or a lobbyist employer, including making secured or unsecured loans;

- Deceive or attempt to deceive any elected state officer, legislative official, agency official or state candidate with regard to any material fact pertinent to any pending or proposed legislative or administrative action;

- Cause or influence the introduction of any bill or amendment for the purpose of being employed to secure its passage or defeat;

- Attempt to create a fictitious appearance of public favor or disfavor of any proposed legislative or administrative action or cause any communication to be sent to any elected state officer, legislative official, agency official or state candidate in the name of any fictitious person or in the name of any real person, except with the consent of such real person;

- Represent falsely either directly or indirectly that the lobbyist or lobbying firm can control the official action of any elected state officer, legislative official or agency official; or

- Accept or agree to accept any payment in any way contingent upon the defeat, enactment, or outcome of any proposed legislative or administrative action. This includes an individual who qualifies as a lobbyist because he or she is a placement agent.

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D. Loans

A lobbyist is prohibited from engaging in any activity with the purpose of placing an elected state officer, legislative official, agency official, or state candidate under personal obligation to the lobbyist, the lobbying firm, or the lobbyist's or the firm's employer. This includes arranging or making a loan whether secured or unsecured, to the official or the official's agent. The lobbyist or lobbying firm arranges a loan when either refers the recipient of the loan to an individual for the purpose of facilitating making the loan and has any contact with any individual to facilitate making the loan. A lobbyist or lobbying firm may not cosign, guarantee, furnish security for, or endorse a loan for an elected state officer, legislative official, agency official, or state candidate.

Ex 7.3 - Abby Gail is a lobbyist who is also a campaign consultant. An elected official has owed her over $100,000 for several years. Over that time, Abby made no attempt to collect the debt. The FPPC assessed a fine because the lobbyist violated the prohibition against placing an official under personal obligation.

E. Home Hospitality

In general, a lobbyist may not entertain a reportable official in his or her home. An exception applies when an official and lobbyist have a relationship, connection, or association unrelated to the official's position and the hospitality is provided as part of that relationship in the individual's home.

"Home" includes a vacation home owned, rented, or leased, by the individual for use as his or her residence, including a timeshare with deeded ownership or a continual right-to-use ownership benefit, and a motor home or boat owned, rented, or leased by the individual for use as his or her residence. "Home" also includes any facility in which the individual has a right-to-use benefit by his or her home residency, such as a community clubhouse. Any benefit received, other than the use of the premises, by any guests of the official other than the official's spouse and family members who are present at the request of the official or the official's agent are gifts to the official.

Ex 7.4 - A lobbyist and elected official both have children on the same sports team. An official can attend a team party held at the lobbyist's home. No reporting is required.

Ex 7.5 - A lobbyist regularly appears before an agency and over the years developed a friendship with an agency employee. The individuals do not have a relationship or common association outside the workplace. A lobbyist could not entertain the official in his/her home as it is likely the food/beverages would exceed $10.

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F. General Prohibitions for Officials

The following restrictions apply to public officials and are only briefly reviewed to acquaint lobbying filers of other restrictions in the Political Reform Act.

Gift Limit

Legislative officials, most state and local officials and employees, and candidates for state and local office may not accept gifts from a single source aggregating more than $460 in a calendar year for the 2015-16 Legislative Session. The gift limit is adjusted each odd-numbered year to reflect changes in the Consumer Price Index. Certain payments are not subject to the gift limit. The FPPC's website provides the current gift limit.

Honoraria Ban

Legislative officials, most state and local officials and employees and candidates for state and local office may not accept honoraria payments. "Honorarium" means any payment made in consideration for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal or like gathering.

Honorarium does not include earned income for personal services that are customarily provided in connection with the practice of a bona fide business, trade, or profession, such as teaching, practicing law, medicine, insurance, real estate, banking or building contracting, unless the sole or predominant activity of the business, trade, or profession is making speeches.

Disqualification

A state official may need to disqualify himself or herself from voting or otherwise participating in a governmental decision affecting a source of income (including a person who has provided a gift to the public official) if the payment was received or promised to the official within 12 months preceding the decision. Whether an official must disqualify himself or herself relies heavily on the facts of each governmental decision.

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Post-Governmental Employment Restrictions – Revolving Door Provisions

The Act restricts the lobbying activities of certain state agency officials once the official has left government employment. Many officials are subject to both a one-year and a lifetime lobbying ban.

- **One-year ban:** State agency officials are prohibited for 12 months after leaving an agency from receiving compensation to appear before or communicate with the agency to influence certain agency decisions.

- **Lifetime ban:** A state agency official may **never** receive compensation for the purpose of appearing before, or assisting another person in appearing before, a former agency in certain proceedings on which the official worked while employed by the agency.

All public officials are also prohibited from participating in certain governmental decisions when they are negotiating employment or have an employment arrangement with a prospective employer.

Important Note:

Legislators are not subject to the lifetime ban but are prohibited from lobbying the Legislature for one year. Employees of the Legislature are not subject to either the one-year or lifetime revolving door provisions.

Answering Your Questions

A. May a lobbyist who is registered to lobby the Legislature make a contribution to a ballot measure committee controlled by an Assembly member or State Senator?

No. A lobbyist may not make a contribution to state or local committees controlled by a state candidate or officeholder if the lobbyist is registered to lobby the candidate's or officeholder's agency.

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B. May a lobbyist employer deliver a campaign contribution to a legislator's Capitol office?

No. Even though there is no prohibition on lobbyist employers making a contribution to a state legislator's campaign, no one may personally deliver a contribution anywhere in the Capitol building.

C. May a lobbyist make a contribution to a legislator's committee for federal office even if the lobbyist would otherwise be prohibited from making a contribution to the legislator's state committee?

Yes. The Act does not prohibit lobbyists from making contributions to a candidate's committee for federal office.

D. The partners of a lobbying firm are not lobbyists. May these partners make a contribution to a state candidate from funds of the lobbying firm?

Yes. A lobbying firm may make a contribution to a state candidate, as long as no lobbyist participates in the decision to make a contribution.

E. I am registered to lobby the Secretary of State's office. May I attend the fundraiser of a candidate running for that office if I use my employer's funds to pay for attendance?

Yes. The prohibition against a lobbyist making a contribution to state candidates does not preclude a lobbyist from delivering a contribution made by his or her lobbyist employer.

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F. Will a $370 gift of dinner and entertainment provided to an official by a lobbyist employer violate the $10 gift limit?

The $10 gift limit does not apply to lobbyist employers as long as a lobbyist or lobbying firm is not involved in making or arranging the gift, however most officials may not receive gifts that exceed $460 in a calendar year from a single source.

G. When a lobbyist has lunch with a reportable person and the reportable person pays for their own lunch, must the lobbyist report the lunch as an activity expense?

No. The reportable person has not received a gift because they paid for their own lunch.

H. What is the maximum amount a lobbyist employer/lobbying coalition or $5,000 filer may spend on an official during the calendar year?

The gift limit is $460 per official in a calendar year. This amount is adjusted every odd-numbered year.

I. May a lobbyist receive contingency payments based on the outcome of legislative or administrative actions?

No. Lobbyists are prohibited from accepting or agreeing to accept any payment that is in any way contingent upon the defeat, enactment or outcome of any proposed legislative or administrative action.

J. May a lobbying firm receive a contingency fee for obtaining a state contract for a client?

Yes. The definition of “lobbying” does not include bidding for a state contract, therefore the prohibition on lobbying contingency fees does not apply.

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K. Traditionally, our investment company provides a contingency fee or bonus for successful arrangements. May we continue to offer these financial benefits to placement agents?

No. Government Code Section 86205(f) specifically prohibits contingency fees and similar arrangements. A written document outlining payment services should be kept in order to show compliance with the law.

Authority

The following Government Code sections provide authority for the preceding information in this chapter:

Government Code Sections

84309	Transmittal of Campaign Contributions in State Office Buildings
85301	Limits on Contributions from Persons
85303	Limits on Contributions to Committees and Political Parties
85702	Contributions from Lobbyists
86201	Gift
86203	Unlawful Gifts
86205	Acts Prohibited
86206	Placement Agent Fees
87100	Public Officials; State and Local
87102.5	Legislature; Use of Position to Influence Decisions
87401	Restrictions on Activities of Former State Officers
87402	Restrictions on Activities of Former State Officers; Assisting Others
87406	Milton Marks Postgovernmental Employment Restrictions Act
87407	Influencing Prospective Employment
89501	Honoraria
89502	Honorarium
89503	Gift Limits

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Title 2 Regulations

18439	Definition of “Personally Deliver”
18545	Contribution Limit and Voluntary Expenditure Ceiling Amounts
18572	Lobbyist Contributions -- Making a Contribution Defined
18624	Lobbyist Arranging Gifts
18625	Loans from Lobbyist or Lobbying Firm; Placing Official Under Personal Obligation
18940.2	Gift Limit Amount
18942.2	Home Hospitality

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Appendix - About the Political Reform Act / How to Get Help

The Political Reform Act of 1974

The Political Reform Act (the "Act") was a voter-approved initiative on the 1974 primary election ballot. One of the major provisions of the Act requires the truthful and accurate disclosure of campaign and lobbying activities.

The Fair Political Practices Commission

The Fair Political Practices Commission (FPPC) is the independent, nonpartisan state agency authorized to implement, interpret, and enforce the provisions of the Political Reform Act. A full-time chair appointed by the Governor, and four part-time commissioners, one each appointed by the Controller, the Attorney General, the Secretary of State, and the Governor comprise the Commission. Each member serves a four-year term and no more than three members may be from the same political party. FPPC staff is composed of five divisions: Executive, Administration, Enforcement, Legal, and Technical Assistance.

Fair Political Practices Commission
428 J Street, Suite 620
Sacramento, CA 95814
(916) 322-5660 – Toll-free (866) 275-3772
advice@fppc.ca.gov

Twitter: @CA_FPPC
Facebook: CA FPPC

Governing Statutes and Regulations

The Political Reform Act is contained in Government Code Sections 81000-91015.

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Regulations interpreting the Political Reform Act are located at Title 2, Division 6 of the California Code of Regulations, beginning at Section 18109.

Opinions and Advice Letters

The FPPC periodically issues opinions interpreting provisions of the Political Reform Act. The Commission adopts the opinions at a public meeting, with opportunity for input from interested persons.

In addition, FPPC staff issues written advice letters as to the applicability of the Political Reform Act and regulations to a particular factual situation. Advice letters are available on the FPPC website.

Other Resources

Secretary of State

The Secretary of State is the filing officer for lobbying disclosure statements: www.sos.ca.gov.

Legislative Ethics Committees

The Assembly Legislative Ethics Committee and the Senate Committee on Legislative Ethics conduct lobbyist ethics training workshops. To obtain information regarding the course schedule, contact these ethics committees.

Local/Judicial/Federal Lobbying Requirements

The Act does not govern lobbying activity conducted at the city, county, judicial, or federal levels. To determine what, if any, lobbying disclosure requirements are in effect at the local, judicial, or federal level, contact the specific agency in question.

Privacy Information Notice

Information requested on all FPPC forms is used by the FPPC to administer and enforce the Political Reform Act (Government Code Sections 81000-91015 and California Code of Regulations sections 18109-18997). All information required by these forms is mandated by the Political Reform Act. Failure to provide all of the information the

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Act requires is a violation subject to administrative, criminal, or civil prosecution. All reports and statements provided are public records open for public inspection and reproduction.

If you have any questions regarding this Privacy Notice please contact the FPPC.

General Counsel
Fair Political Practices Commission
428 J Street, Suite 620
Sacramento, CA 95814
(916) 322-5660

Enforcement

The Fair Political Practices Commission, the Attorney General, county district attorneys, and elected city attorneys of charter cities have enforcement authority under the Act. Penalties of up to $5,000 per violation may be imposed for violating the Act. Failure to provide information is a violation subject to: an administrative enforcement proceeding before the Fair Political Practices Commission, a criminal misdemeanor proceeding or a civil action. The Secretary of State may impose late filing penalties. Enforcement summaries are available on the Commission's website.

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