



STATE OF CALIFORNIA  
FAIR POLITICAL PRACTICES COMMISSION  
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## TITLE 2. FAIR POLITICAL PRACTICES COMMISSION

NOTICE IS HEREBY GIVEN that the Fair Political Practices Commission (the Commission), under the authority vested in it under the Political Reform Act (the Act)<sup>1</sup> by Section 83112 of the Government Code, proposes to adopt, amend, or repeal regulations in Title 2, Division 6 of the California Code of Regulations. The Commission will consider the proposed regulation at a public hearing on or after **December 19, 2019**, at the offices of the Fair Political Practices Commission, 1102 Q Street, Suite 3000, Sacramento, California, commencing at approximately **10:00 a.m.** Written comments should be received at the Commission offices no later than **5:00 p.m.** on **December 17, 2019**.

### BACKGROUND/OVERVIEW:

**Governing Statutes.** The Act's conflict of interest provisions ensure that public officials perform their duties in an impartial manner, free from bias caused by their own financial interests or the financial interests of persons who have supported them. Section 87100 prohibits a public official from using his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest. Under Section 87103(c), a public official has a financial interest in a decision within the meaning of Section 87100 if it is "reasonably foreseeable" that the decision will have a "material financial effect" on the certain enumerated interests including "[a]ny donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating [five hundred dollars (\$500)] or more in value provided to, received by, or promised to the public official within 12 months prior to the time when the decision is made."

**Existing Regulation.** Regulation 18702.4 provides the materiality standards for interests in sources of gifts. When the source of a gift is a nonprofit organization, Regulation 18702.4(c) provides that the financial effect of a governmental decision on that nonprofit is material if the organization "will receive a measurable financial benefit or loss, or the official knows or has reason to know that the nonprofit has an interest in real property that will be financially affected under the standards applied to a financial interest in Regulation 18702.2 . . . ."

### REGULATORY ACTION:

Amend 2 Cal. Code Regs. Section 18702.4 – Materiality Standard: Financial Interest in Source of Gift

**Amendments to Regulation 18702.4.** The Commission may consider amendment to all provisions of current Regulation 18702.4, including, but not limited to, the appropriate materiality standards for economic interests in sources of gifts. At a minimum, Commission staff anticipates

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<sup>1</sup> The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

proposing the amendment of subdivision (c), pertaining to nonprofit sources of gifts, such that a financial effect on a nonprofit source of income would be considered material if “[t]he source is a nonprofit organization that will be financially affected under the materiality standards applied to a nonprofit source of income interest in Regulation 18702.3 . . . .”

SCOPE:

The Commission may adopt the language noticed herein, or it may choose new language to implement its decisions concerning the issues identified above or any related issues.

FISCAL IMPACT STATEMENT:

Fiscal Impact on Local Government. This regulation will have no fiscal impact on any local entity or program.

Fiscal Impact on State Government. This regulation will have no fiscal impact on any state entity or program.

Fiscal Impact on Federal Funding of State Programs. This regulation will have no fiscal impact on the federal funding of any state entity or program.

AUTHORITY: Section 83112 provides that the Fair Political Practices Commission may adopt, amend, and rescind rules and regulations to carry out the purposes and provisions of the Act.

REFERENCE: Sections 87100, 87102.5, 87102.6, 87102.8 and 87103

CONTACT: Any inquiries should be made to Kevin Cornwall, Fair Political Practices Commission, 1102 Q St., Suite 3000, Sacramento, CA 95811; telephone (916) 322-5660 or 1-866-ASK-FPPC. Proposed regulatory language can be accessed at <http://www.fppc.ca.gov/the-law/fppc-regulations/proposed-regulations-and-notices.html>.