

California Fair Political Practices Commission

## **Gift of Travel for a Public Purpose Paid for by a 501(c)(3) or Government Entity<sup>1</sup>**

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Travel payments are NOT subject to the gift limits if:

**The travel is paid for by:**

- A foreign government,
- A government agency or authority (other than the official's agency),
- A bona fide public or private educational institution (Section 203 of the Revenue and Taxation Code), or
- An Internal Revenue Code Section 501(c)(3) nonprofit organization.<sup>2</sup>

**AND**

**The official's travel is reasonably related to either:**

- A legislative or governmental purpose, or  
An issue of state, national, or international public policy.

For Travel payments that meet the above standard, the official:

- **May accept the travel payments.**
- **Receives a gift that is exempt from the gift limit of \$500** from a single source in a calendar year.
- **Must report the gift on Form 700** if the payment is from a reportable source.
- **May have a disqualifying financial interest in the source of the gift(s)** (*See Conflict of Interest Disqualification information below*).

**Exemption from the gift limit applies only to** travel payments, advances, or reimbursements for *actual transportation costs* (such as airfare, car rental), *related lodging*, and *meals/subsistence*. (Section 89506.)

**Other Costs:** Payments for other items, such as a round of golf or entertainment, *do not meet the travel payment exemption from the gift limit*. These payments are reportable gifts, subject to the gift limit, and subject to the conflict of interest provisions of the Act. This includes payments for entertainment purposes provided during the trip, and any entertainment-related transportation or extended lodging.

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<sup>1</sup> For other travel questions see the FPPC fact sheets, *Limitations and Restrictions on Gifts, Honoraria, Travel and Loans* at <http://www.fppc.ca.gov/learn/public-officials-and-employees-rules-gifts-and-honoraria.html>.

<sup>2</sup> This includes a person domiciled outside the United States who substantially satisfies the requirements for tax-exempt status under Internal Revenue Code Section 501(c)(3). Note, however, that travel paid for by nonprofits that are not Section 501(c)(3) organizations, including civic leagues, community associations, and social welfare organizations, such as chambers of commerce, does not fall under this exception.

**Conflict of Interest Disqualification:** The Act prohibits any public official from making, participating in making, or using his or her position to influence the outcome of a governmental decision involving the donor of a gift or gifts with an aggregate value of \$500 or more provided to, received by, or promised to the official within the 12 months prior to the date the decision is made. This prohibition includes a source of travel payments even if the payments are exempt from the \$500 gift limit. (Sections 87100 and 87103(e); Regulations 18700 and 18702.4.)

**Example:** Mayor Manalo attends a trip to China, organized by the China Silicon Valley Business Development. The Chengdu Municipal People's Government pays for the mayor's airfare and travel costs, as well as meals and lodging on the trip. The trip's purpose is to promote job creation, and economic activity in China and the Silicon Valley. The trip agenda states that the mayor will have the opportunity to participate in meetings with local government officials, potential investors, and CEOs from local companies, and attend the Innovation Forum for Mayors of International Sister Cities of Chengdu. While in China, Mayor Manalo is also provided tickets to attend a theme-park nearby.

- Mayor Manalo must report the gift of travel on his annual Form 700 and the gift is exempt from the gift limit. The travel payments are not subject to the gift limit because the source is a foreign government and the travel is reasonably related to a governmental purpose.
- Mayor Manalo may wish to note the public purpose of the trip on his Form 700, to avoid the appearance of exceeding the gift limit.
- Mayor Manalo will have a financial interest in the source of the gift of travel, as the payments will exceed \$500. He will be disqualified from participating in any government decision involving the source of the gift for twelve months following the gift.
- The theme-park tickets are not travel payments, and are not reasonably related to the public purpose of the trip. If accepted, the tickets (and payments for transportation to the park) must be reported at the fair market value and are subject to the \$500 gift limit.

**Source of the Gift and Intermediaries:** The source of the gift is the person making the payment, unless that person is acting as an intermediary. If a nonprofit organization or government entity acts as an intermediary, then the donor is the source. The gift must be reported and may be subject to the gift limits. (Regulation 18945.)

**No gift is considered received or accepted** if the official reimburses the donor or donor's intermediary for the gift within 30 days. (Regulation 18941(c)(3).)

**Nonprofits that Regularly Host Travel for Elected Officials:** A nonprofit that regularly organizes and hosts travel for elected officials and makes payments totaling more than \$10,000 in a year or \$5,000 for a single person for travel by an elected official must disclose certain donors. (Section 89506(f).)