

1 Repeal 2 Cal. Code Regs. Section 18703.1:

2 ~~§ 18703.1. Economic Interest Defined: Business Entities.~~

3 ~~For purposes of disqualification under Government Code sections 87100 and 87103, a~~
4 ~~public official has an economic interest in a business entity if any of the following are true:~~

5 ~~(a) The public official has a direct or indirect investment worth two thousand dollars~~
6 ~~(\$2,000) or more in the business entity.~~

7 ~~(b) The public official is a director, officer, partner, trustee, employee, or holds any~~
8 ~~position of management in the business entity.~~

9 ~~(c) Parent, Subsidiary, Otherwise Related Business Entity. An official has an economic~~
10 ~~interest in a business entity which is a parent or subsidiary of, or is otherwise related to, a~~
11 ~~business entity in which the official has one of the interests defined in Government Code section~~
12 ~~87103(a) or (d).~~

13 ~~(d) Parent, Subsidiary, Otherwise Related Business entity, defined.~~

14 ~~(1) Parent subsidiary. A parent subsidiary relationship exists when one corporation~~
15 ~~directly or indirectly owns shares possessing more than 50 percent of the voting power of~~
16 ~~another corporation.~~

17 ~~(2) Otherwise related business entity. Business entities, including corporations,~~
18 ~~partnerships, joint ventures and any other organizations and enterprises operated for profit, which~~
19 ~~do not have a parent subsidiary relationship are otherwise related if any one of the following~~
20 ~~three tests is met:~~

21 ~~(A) One business entity has a controlling ownership interest in the other business entity.~~

22 ~~(B) There is shared management and control between the entities. In determining whether~~
23 ~~there is shared management and control, consideration should be given to the following factors:~~

1 ~~(i) The same person or substantially the same person owns and manages the two entities;~~

2 ~~(ii) There are common or commingled funds or assets;~~

3 ~~(iii) The business entities share the use of the same offices or employees, or otherwise~~
4 ~~share activities, resources or personnel on a regular basis;~~

5 ~~(iv) There is otherwise a regular and close working relationship between the entities; or~~

6 ~~(C) A controlling owner (50% or greater interest as a shareholder or as a general partner)~~
7 ~~in one entity also is a controlling owner in the other entity.~~

8 ~~(e) Although a public official may not have an economic interest in a given business~~
9 ~~entity pursuant to subdivisions (a) (c) of this section, the public official may nonetheless have an~~
10 ~~economic interest in the business entity if it is a source of income to him or her. (See 2 Cal. Code~~
11 ~~Regs. section 18703.3.)~~

12 ~~Note: Authority cited: Section 83112, Government Code. Reference: Sections 87100, 87102.5,~~
13 ~~87102.6, 87102.8 and 87103, Government Code.~~