

1 Amend 2 Cal. Code Regs. Section 18615 to read:

2 **§ 18615. Accounting by Lobbyist Employers and Persons Spending \$5,000 or More to**
3 **Influence Legislative or Administrative Action.**

4 (a) Pursuant to Government Code section 86110, lobbyist employers shall keep detailed
5 records of payments in the following categories:

6 (1) Payments to lobbying firms;

7 (2) Payments to lobbyists;

8 (3) Activity expenses;

9 (4) Other payments to influence legislative or administrative action. This includes
10 payments for or in connection with:

11 (A) Support or assistance of lobbyists;

12 (B) Direct communication with a legislative, agency or elective state official for the
13 primary purpose of influencing legislative or administrative action; and

14 (C) Soliciting or urging persons other than the lobbyist employer's employees to enter
15 into direct communication with a legislative, agency or elective state official for the primary
16 purpose of influencing legislative or administrative action.

17 (5) Contributions to elected state officers, state candidates and committees controlled by
18 or primarily formed to support such officers or candidates;

19 (b) The lobbyist employer shall keep records using one of the following methods:

20 (1) The lobbyist employer may keep records of payments in connection with lobbying
21 separate from records of activities which are not described in subdivision (a); or

22 (2) The lobbyist employer may use any system with records maintained in accordance
23 with accepted accounting principles.

1 (c) Records of payments by the lobbyist employer shall be supported by ~~cancelled checks~~
2 ~~or other bank records~~ original source documents, and shall include:

3 (1) All payments in connection with lobbying activities made to or on behalf of a
4 lobbying firm, including but not limited to fees, retainers and reimbursement of expenses. To the
5 extent that payments to a lobbying firm are only partially in connection with lobbying activities,
6 the lobbyist employer may keep records of payments made for lobbying separate from payments
7 made in connection with non-lobbying activities. Detailed records shall include:

8 (A) The full name of the payee;

9 (B) If the payee is a person other than the lobbying firm, the full name of both the payee
10 and the lobbying firm;

11 (C) The date and amount of the payment; and

12 (D) The calendar quarter during which the services paid for were rendered.

13 (2) All direct or indirect payments, such as salaries, fees and reimbursement of expenses,
14 advances or other payments made to a lobbyist. Salary includes gross wages paid, plus any fringe
15 benefits which are in lieu of wages such as the granting of stock options or purchase of annuities,
16 but does not include routine fringe benefits such as the lobbyist employer's contributions to a
17 health plan, retirement plan or payroll taxes. To the extent payments made to a lobbyist are only
18 partially in connection with activities as a lobbyist, the lobbyist employer may apportion the
19 payments based on the percentage of the lobbyist's compensated time which is spent influencing
20 or attempting to influence legislative or administrative action. Detailed records shall include:

21 (A) The full name of the payee; and

22 (B) The date and amount of the payment.

1 (3) All activity expenses incurred or paid by the lobbyist employer, other than those
2 activity expenses incurred by the lobbyist which shall be recorded as reimbursements to the
3 lobbyist or “other payments to influence legislative or administrative action” under the
4 provisions of subdivision (c)(4), as appropriate. Records to be maintained under this subdivision
5 include:

6 (A) The full name of the payee;

7 (B) The full name and official position of each elective state official, legislative official,
8 agency official, state candidate or member of the immediate family of one of those individuals
9 who was a beneficiary;

10 (C) The total number of all beneficiaries;

11 (D) A description of the goods or services or other consideration for which the payment
12 was made or incurred;

13 (E) The date and total amount of the expenditure; and

14 (F) The amount of the payment attributable to each beneficiary.

15 (4) All other payments to influence legislative or administrative action, including:

16 (A) The full name, title and proportionate share of compensation paid to each employee,
17 other than a lobbyist, who is engaged for 10 percent or more of the employee's compensated time
18 in a calendar month in or in connection with any of the activities described in subdivision (a).

19 Such employees include those providing research services and those preparing materials to be
20 used by a lobbyist or to be used in direct communication or in soliciting or urging others to
21 engage in direct communication for the primary purpose of influencing legislative or
22 administrative action. Compensation includes gross wages paid plus any benefits which are in
23 lieu of wages such as the granting of stock options or the purchase of annuities. It does not

1 include, however, routine fringe benefits, such as the employer's contribution to health plans,
2 retirement plans, etc., which are made on behalf of all employees nor does it include the payment
3 of the employer's payroll taxes.

4 (B) The payment by the lobbyist employer of expenses incurred by a lobbyist;

5 (C) The payment of expenses incurred by the lobbyist employer for goods or services
6 used by a lobbyist or used to support or assist a lobbyist in connection with activities as a
7 lobbyist;

8 (D) For state and local government agencies that file reports pursuant to Government
9 Code sections 86115 and 86116, the payment of dues or similar payments made to any
10 organization, including a federation, confederation, or trade, labor, or membership organization,
11 that makes expenditures equal to 10 percent of its total expenditures, or fifteen thousand dollars
12 (\$15,000) or more, during any calendar quarter, to influence legislative or administrative action;

13 (E) The payment of any other expense which would not have been incurred but for the
14 lobbyist employer's activities to influence or attempt to influence legislative or administrative
15 action, i.e., those activities described in subdivision (a), including, but not limited to, office
16 overhead and operating expenses, payments to expert witnesses and expenses incurred by
17 employees other than a lobbyist.

18 (F) For filers reporting payments in connection with ratemaking or quasi-legislative
19 proceedings before the California Public Utilities Commission as specified in Government Code
20 section 86116(h)(2), the full name, title, and compensation paid to each attorney for time spent
21 appearing as counsel or preparing to appear as counsel in those proceedings; and the full name,
22 title and compensation paid to each witness for time spent testifying or preparing to testify at
23 those proceedings.

1 (G) Detailed records for subdivisions (c)(4)(B), (C), (D), (E) and (F) shall include:

2 1. The full name of the payee;

3 2. The date and amount of the payment; and

4 3. A description of the goods or services or other consideration for which the payment
5 was made.

6 (5) All monetary and non-monetary contributions of \$25 or more made by the lobbyist
7 employer to an elected state officer, a state candidate or committees controlled by or primarily
8 formed to support such officers or candidates. Cancelled checks or legible images of cancelled
9 checks, or other bank records shall support the monetary contributions. In addition, for each
10 monetary and non-monetary contribution, the records shall indicate:

11 (A) The full name of the payee;

12 (B) The full name of the recipient of the contribution if other than the payee;

13 (C) In the case of a non-monetary contribution, a description of the goods or services or
14 other consideration provided; and

15 (D) The date and amount of the payment. If the lobbyist employer or a committee
16 sponsored by the lobbyist employer keeps records and files campaign statements with the
17 Secretary of State pursuant to Chapter 4 of the Political Reform Act, no records are required by
18 this paragraph.

19 (6) No records shall be required for payments which are not reportable pursuant to 2 Cal.
20 Code Regs. section 18616(g)(1), (2), (3) and (4).

21 (d) Source documents required to be maintained under subdivision (c) include:

22 (1) Cancelled checks or legible images of cancelled checks, receipts and invoices;

23 (2) Credit card statements and credit card receipts;

1 (3) Contracts, agreements, correspondence and communications concerning the activity
2 expense;

3 (4) Journals or other records showing payments made or incurred; and

4 (5) Invitations to lobbyist sponsored events, and rosters of attendees to such events.

5 ~~(d)~~ (e) All records which must be kept by virtue of this regulation shall be maintained for
6 a period of five years from the date of the filer's final report for the calendar year for which the
7 activities were reported pursuant to Government Code section 86116.

8 Note: Authority cited: Section 83112, Government Code. Reference: Sections 86110 and
9 91000.5, Government Code.