

1 Amend 2 Cal. Code Regs., Section 18701 to read:

2 **§ 18701. Determining Whether a Financial Effect Is Reasonably Foreseeable.**

3 (a) Financial Interest Explicitly Involved: A financial effect on a financial interest is
4 presumed to be reasonably foreseeable if the financial interest is a named party in, or the subject
5 of, a governmental decision before the official or the official's agency. A financial interest is the
6 subject of a proceeding if the decision involves the issuance, renewal, approval, denial or
7 revocation of any license, permit, or other entitlement to, or contract with, the financial interest,
8 and includes any governmental decision affecting a real property financial interest as described
9 in Regulation 18702.2(a)(1)-(6).

10 (b) Financial Interest Not Explicitly Involved in Decision: A financial effect need not be
11 likely to be considered reasonably foreseeable. In general, if the financial effect can be
12 recognized as a realistic possibility and more than hypothetical or theoretical, it is reasonably
13 foreseeable. If the financial result cannot be expected absent extraordinary circumstances not
14 subject to the public official's control, it is not reasonably foreseeable. In determining whether a
15 governmental decision will have a reasonably foreseeable financial effect on a financial interest
16 other than an interest described in subdivision (a), the following factors should be considered.
17 These factors are not intended to be an exclusive list of all the relevant facts that may be
18 considered in determining whether a financial effect is reasonably foreseeable, but are included
19 as general guidelines.

20 (1) The extent to which the occurrence of the financial effect is contingent upon
21 intervening events, not including future governmental decisions by the official's agency, or any
22 other agency appointed by or subject to the budgetary control of the official's agency.

1 (2) Whether the public official should anticipate a financial effect on ~~his or her~~ the
2 official's financial interest as a potential outcome under normal circumstances when using
3 appropriate due diligence and care.

4 (3) Whether the public official has a financial interest that is of the type that would
5 typically be affected by the terms of the governmental decision or whether the governmental
6 decision is of the type that would be expected to have a financial effect on businesses and
7 individuals similarly situated to those businesses and individuals in which the public official has
8 a financial interest.

9 (4) Whether a reasonable inference can be made that the financial effects of the
10 governmental decision on the public official's financial interest might compromise a public
11 official's ability to act in a manner consistent with ~~his or her~~ the official's duty to act in the best
12 interests of the public.

13 (5) Whether the governmental decision will provide or deny an opportunity, or create an
14 advantage or disadvantage for one of the official's financial interests, including whether the
15 financial interest may be entitled to compete or be eligible for a benefit resulting from the
16 decision.

17 (6) Whether the public official has the type of financial interest that would cause a
18 similarly situated person to weigh the advantages and disadvantages of the governmental
19 decision on ~~his or her~~ the official's financial interest in formulating a position.

20 Note: Authority cited: Section 83112, Government Code. Reference: Sections 87100, 87102.5,
21 87102.6, 87102.8 and 87103, Government Code.