

May 31, 1978

Ronald Javor
635 Jones Way
Sacramento, CA 95818

Dear Mr. Javor:

The Fair Political Practices Commission ("Commission") has received your letter dated May 5, 1978, requesting advice on your reporting requirements under the Political Reform Act ("Act").

You are a designated employee with reporting obligations under the Conflict of Interest Code for the Department of Housing and Community Development. You are living in a stable, nonmarital relationship with a registered lobbyist who specializes in housing issues and who lobbies the agency where you work. The lobbyist is employed by a non-profit public organization which is primarily federally-funded. You have asked whether any of the incidents of the relationship are reportable.

The Act requires that, under a Conflict of Interest Code, a designated employee must disclose income, including gifts, interests in real property and investments which may be materially affected by the decisions the employee makes. Government Code Section 87302(b).^{1/} Gifts from an individual's spouse and other close relatives are excluded from the definition of income by Section 82030(b)(5). Heretofore that section has not been applied to people who live together in a close relationship but are not married.

The Act also requires that lobbyists file reports disclosing expenditures, including gifts, that benefit agency officials. Section 86107(b)(4) and (d). Lobbyists are prohibited from making or arranging for gifts of more than \$10 per month to an agency official. Section 86203. It is unlawful for an agency official to knowingly receive a gift of \$10 or more in a calendar month from a lobbyist. Section 86204.

^{1/} All further references are to the Government Code.

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A literal application of these sections would impose restrictions on the transactions between you and the woman with whom you live without furthering the Act's purposes. There is little interest in the disclosure of the personal transactions between you and the lobbyist with whom you live. Therefore, you will not generally have to disclose the gifts that you receive from her. Likewise she will not generally have to disclose expenditures that benefit you.

However, some gifts will have to be reported because they are in connection with efforts to influence administrative action. The lobbyist will be required to report those expenditures that benefit you in an attempt to influence administrative action for which she is either (1) reimbursed by her employer for any part of an expense which benefits you; or (2) deducting them on any income tax return. This limited reporting has been applied by the Commission in the context of a married couple where one spouse is a lobbyist and the other an official. This requirement is necessary to insure that the financial aspects of the business relationships between you and the lobbyist are disclosed. In addition, the gifts to you which the lobbyist is required to report should also be reported by you on your Statement of Economic Interests if they aggregate \$25 or more in a single year.

In addition to the limited disclosure of the payments that benefit you, the lobbyist will also be subject to the \$10 gift prohibition. Therefore the lobbyist, in connection with efforts to influence administrative action, cannot make payments that benefit you which exceed \$10 per month.

I hope this information is helpful. If you have any questions, please contact me.

Sincerely,

17/
Barbara Campbell
Counsel
Legal Division

BC:plh