



California Fair Political Practices Commission

December 16, 1994

Frederick K. Lowell, Esq.
Pillsbury, Madison & Sutro
400 Capitol Mall, Suite 1700
Sacramento, CA 95814

Re: Your Request For Advice
Our File Number I-94-379

Dear Mr. Lowell:

This letter is written in response to your request for formal written advice on behalf of The Chevron Corporation regarding the valuation of gifts to public officials under the Political Reform Act (the "Act")¹.

QUESTION

Are gifts of tickets to inaugural events deemed to have no value under Regulation 18946.4?

CONCLUSION

No. Tickets to inaugural events are valued at face value pursuant to Regulation 18946.1(a).

FACTS

The Chevron Corporation may contribute to the inaugural committees of one or more constitutional officers-elect to assist in funding inaugural activities in Sacramento in the coming month. As a contributor, Chevron would be entitled to tickets to various inaugural events. The inaugural committees will be constituted as qualified Internal Revenue Code Section 501(c)(4) entities. Chevron may give several of its tickets to elected state officers who wish to attend the inaugural events.

¹ Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Code of Regulations Section 18000, et seq. All references to regulations are to Title 2, Division 6 of the California Code of Regulations.

ANALYSIS

Regulation 18946.4(a) provides that tickets to non-profit fundraising events, at which a portion of the face value is a donation to the non-profit entity, may be valued at the face value minus the amount of the donation for the purposes of the gift limits of the Act. You state that the inaugural committees are structured as non-profit organizations under Internal Revenue Code Section 501(c)(4). However, based on the fact that the inaugural committees have a limited purpose and existence (see generally Bell Advice Letter, No. A-94-376), we assume that the face value of the tickets to inaugural events reflect the actual cost to the committee associated with the event, and that no part of the face value is intended to be a donation to the inaugural committee or any other "person."² Accordingly, Regulation 18946.4(a) is inapplicable to the instant facts.

Regulations 18946.4(b) and 18946.4(c) state that tickets to events designed to raise money for non-profit organizations exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code or to political fundraisers, have no value for purposes of the gift limits of the Act. These provisions are inapplicable to the inaugural committees because the committees are neither political committees nor organizations qualified under Internal Revenue Code Section 501(c)(3).³

As the inaugural committees are neither political committees nor 501(c)(3) tax-exempt organizations, and, as there is no indication that the purchase price of inaugural event tickets contains any donation amount, the provisions of Regulation 18496.4 are inapplicable to gifts of tickets to inaugural events. Gifts of tickets should therefore be valued at face value pursuant to Regulation 18946.1.


² Should this assumption be incorrect, Regulation 18946.4(a) may be applied to determine the value of a gift of admission to an inaugural event for a public official.

³ We are not saying that Section 18946.4 could not apply to a 501(c)(3) fundraiser or political fundraiser that happened to be held during the same time period as these inaugural events.

Should you have any further questions regarding this matter
you may contact the undersigned at (916) 322-5901.

Sincerely,

Steven G. Churchwell
General Counsel

A handwritten signature in cursive script, appearing to read "Daniel E. Muallem".

By: Daniel E. Muallem
Counsel, Legal Division