



FAIR POLITICAL PRACTICES COMMISSION

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February 28, 2001

Alan R. Burns, City Attorney
City of Fountain Valley
City Hall
10200 Slater Avenue
Fountain Valley, California 92708

**Re: Your Request for Advice
Our File No. A-01-026**

Dear Mr. Burns:

This letter is in response to your request for advice on behalf of City Councilman John Collins regarding the gift reporting provisions of the Political Reform Act (the "Act").¹

QUESTION

If Councilman Collins accepted from a city vendor a ticket to attend a charitable organization's fundraiser at which a meal was served, does Regulation 18946.4(b), which states that tickets to such fundraising events have no value, apply?

CONCLUSION

Yes. Because the organization hosting the fundraiser is a nonprofit organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, pursuant to Regulation 18946.4(b), the ticket has no value and Councilman Collins did not receive a reportable gift.

¹ Government Code sections 81000 – 91014. Commission regulations appear at Title 2, sections 18109-18996, of the California Code of Regulations.

FACTS

John Collins, a Fountain Valley Council member, attended a fundraiser for the Boys and Girls Club, which is exempt from taxation under Internal Revenue Code § 501(c)(3). The tickets to the fundraiser were \$50 each. As a part of the fundraiser, each participant received a meal. The ticket to the fundraiser was purchased for Councilman Collins by Rainbow Disposal, the City's franchise trash hauler.

ANALYSIS

Regulation 18946.4 deals with the valuation and reporting of tickets to fundraisers as gifts. Regulation 18946.4(b) specifically addresses fundraising events for certain nonprofit organizations and states that:

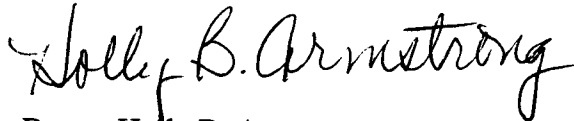
“Where the event is a fundraising event for an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, the ticket or other admission privilege has no value.”

The Boys and Girls Club is a nonprofit organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. Pursuant to the above regulation, the ticket for the Boys and Girls Club fundraiser had no value for either disclosure or disqualification purposes. Therefore, the ticket that Councilman Collins received from Rainbow Disposal has no value and does not constitute a reportable gift. (*White Advice Letter*, No. A-97-056)

If you have any other questions regarding this matter, please contact me at (916) 322-5660.

Sincerely,

Luisa Menchaca
General Counsel



By: Holly B. Armstrong
Staff Counsel, Legal Division

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