



## FAIR POLITICAL PRACTICES COMMISSION

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December 19, 2001

Steven L. Dorsey  
Richards, Watson & Gershon  
355 South Grand Avenue, 40<sup>th</sup> Floor  
Los Angeles, CA 90071-3101

**Re: Your Request for Advice  
Our File No. A-01-273**

Dear Mr. Dorsey:

This letter is in response to your request for advice regarding the gift provisions of the Political Reform Act (the "Act").<sup>1</sup> This letter is limited solely to provisions of the Act, and should not be taken as advice or an opinion regarding any other areas of the law potentially raised by your letter. This advice is based upon the facts as provided in your request letter.<sup>2</sup> Please note that this letter should not be construed to evaluate any conduct that has already taken place. (Regulation 18329(b)(8)(A).)

### QUESTION

Will tickets to the Rose Parade, Rose Bowl football game, and/or the guest luncheon fundraising events that have recently been offered to City of Pasadena Councilmember Victor Gordo constitute gifts under the Act if he accepts them?

### CONCLUSION

No, they do not constitute gifts because under regulation 18946.4(b), tickets to these specific fundraising events have no value and thus, would not come within the definition of a "gift."

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<sup>1</sup> Government Code sections 81000 – 91014. Commission regulations appear at Title 2, sections 18109-18997, of the California Code of Regulations.

<sup>2</sup> This advice is applicable and confers immunity only to the extent that the facts provided to us are correct, and that all of the material facts have been disclosed. (*In re Oglesby* (1975) 1 FPPC Ops. 71; § 83114.)

## FACTS

The Tournament of Roses Association (Tournament) is a California non-profit corporation exempt from taxation under Internal Revenue Code Section 501(c)(3). The Tournament is required by law to expend all of its income in support of its tax exempt purposes, mainly staging of the Rose Parade and Rose Bowl football game. The parade and football game constitute the Tournament's primary fundraising activities. According to its most recent tax return, the Tournament raised a total of \$3,666,965 from the Rose Bowl game and \$792,092 from the sale of seats for the Rose Parade. The guest reception/luncheon is also a substantial fundraising event, having raised \$157,706, for the Tournament according to its tax return.

The Tournament traditionally offers public officials two free tickets to the Rose Bowl game, Rose Parade and guest luncheon/reception. Such an offer has been made to Councilmember Gordo, and he is determining whether to accept it.

## ANALYSIS

In pertinent part, the Act provides that “[n]o elected state officer, elected officer of a local government agency, or other individual specified in Section 87200 shall accept gifts from any single source in a calendar year with a total value of more than \$320.” (Section 89503, regulation 18940.2.) A gift is defined under § 82028 as follows:

“(a) ‘Gift’ means...any payment that confers a personal benefit on the recipient, to the extent that consideration of equal or greater value is not received and includes a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public without regard to official status.”

Thus, generally, free admission to an event provided to an official is considered a gift, absent an exception, and would be subject to the gift limitations under the Act. (§ 89503(a), regulations 18940.2, 18946.1.) Such a gift would also be an economic interest for disclosure and conflict-of-interest purposes. (§§ 87103(e), 87207(a)(1) and (4); regulation 18946.1.)

However, with regard to the valuation of tickets to specific fundraising events for a nonprofit organization under § 501(c) of the Internal Revenue Service Code, regulation 18946.4(b) provides: “the ticket or other admission privilege has no value.” Under the facts as set forth in your letter, you state that the Rose Bowl game, the Rose Parade, and the guest reception/luncheon<sup>3</sup> are all fundraising events for the Tournament, a nonprofit organization under § 501(c) of the Internal Revenue Service Code. Under regulation 18946.4, the tickets to these events have no value and would not constitute gifts under § 82028. (*Rexroad* Advice Letter, No. A-93-458.) This advice is limited to this set of

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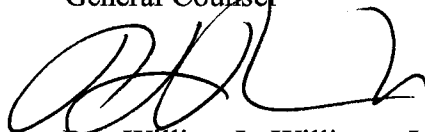
<sup>3</sup> A payment made to an elected official for his or her food is a gift unless a specific exemption applies. (Regulation 18941.1, *Girard* Advice Letter, No. A-98-170a.) As discussed *infra*, regulation 18946.4 provides that exemption here.

facts and does not apply where a gift of tickets is provided by an organization other than one exempt from taxation under § 501(c)(3) of the Internal Revenue Service Code or where the event is not for fundraising. (*Najera* Advice Letter A-92-557; *Bagatelos* Advice Letter, No. I-93-132.)

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

Sincerely,

Luisa Menchaca  
General Counsel

A handwritten signature in black ink, appearing to read 'William L. Williams, Jr.', is written over the typed name.

By: William L. Williams, Jr.  
Staff Counsel, Legal Division

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