STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
1102 Q Street • Suite 3050 • Sacramento, CA 95811

September 11, 2026

Jon Ansolabehere
County Counsel
County of San Luis Obispo
1055 Monterey Street, Suite D320
San Luis Obispo, CA 93408

Re: Your Request for Advice
Our File No. A-26-089

Dear Mr. Ansolabehere:

This letter responds to your request on behalf of County of San Luis Obispo ("County") Supervisor Jimmy Paulding for advice regarding conflict of interest provisions of the Political Reform Act (the "Act").[1]

Please note that we are only providing advice under the conflict of interest provisions of the Act and not under other general conflict of interest prohibitions such as common law conflict of interest or Section 1090.[2]

Also note that we are not a finder of fact when rendering advice (*In re Oglesby* (1975) 1 FPPC Ops. 71), and any advice we provide assumes your facts are complete and accurate. If this is not the case or if the facts underlying these decisions should change, you should contact us for additional advice.

QUESTION

Does the Act prohibit Supervisor Jimmy Paulding from taking part in decisions to dissolve the current San Luis Obispo County Tourism Business Improvement District ("TBID") and reestablish it under the 1994 Tourism Business Improvement District law, given that his spouse is employed by a nonprofit that received TBID funding in the past year?

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[1] The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18104 through 18998 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

[2] Although you noted Section 1090 in the title of your request, the request does not identify an agreement at issue. To the extent that it would involve an agreement between the County and the owner's association designated in the management district plan for the new TBID (that would follow the formation of the new TBID), a financial interest in that contract has not been identified.

CONCLUSION

No, it is not reasonably foreseeable that the decisions to dissolve and reestablish the TBID will have a foreseeable and material financial effect on Supervisor Paulding's source of income interest or personal finances.

FACTS AS PRESENTED BY REQUESTER

On May 12, 2009, the County Board of Supervisors ("County Board") adopted an ordinance establishing the TBID pursuant to the Parking and Business Improvement Area Law of 1989 ("1989 Law") (Streets and Highways Code Sections 36500 et seq.). The TBID collects an assessment from lodging businesses[3] within the TBID's boundaries and uses those funds for a variety of tourism-related promotional activities. The assessment is 2 percent of the lodging businesses' gross room revenue or room rate. Of the 2 percent, 1 percent is given to local fund areas for marketing and tourism, as well as Local Fund Area ("LFA") grants.

The County Board contracted out the management of the TBID to the nonprofit organization, Highway 1 Tourism Alliance ("H1TA"),[4] which provides projects, programs, and activities that benefit businesses. The TBID awards LFA grants for events and infrastructure and/or beautification projects directly related to increasing lodging (overnight stays, length of stay, and return visits) in the following unincorporated regions of the County: San Simeon/Ragged Point, Cambria, Cayucos, Los Osos/Baywood/Unincorporated Morro Bay, Nipomo/Oceano, Arroyo Grande Unincorporated/San Luis Obispo Unincorporated, and Avila Beach. Each region has a local fund advisory board that reviews LFA applications. If the local fund advisory board recommends funding, the H1TA Board will review each application and provide final approval to support or deny funding requests.[5] The County Board does not make any decisions regarding LFA funding. Anyone can apply for LFA funding, and the award of LFA funding is discretionary.

On July 28, 2026, the County Board, with Supervisor Paulding recusing, directed County staff to pursue modification of the TBID. Specifically, direction was given to modify the TBID so that it would be established under the Property and Business Improvement District Law of 1994 ("1994 Law") (Streets and Highways Code Sections 36600 et seq.), which is similar to the 1989 Law in terms of function but materially different in terms of governance. The process for such a modification includes: (1) dissolution of the current TBID operating under the 1989 Law; and (2) creation of a new TBID under the 1994 Law. The creation of a new TBID requires the

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[3] Hotel, motel, bed and breakfast, and vacation rentals.

[4] According to the H1TA website, H1TA is a California Nonprofit Mutual Benefit Corporation created to improve business conditions and the business environment for tourism businesses in the County through the operation of a tourism district and other activities. There are seven members of the H1TA Board. According to the H1TA bylaws, each H1TA director is an owner, or a designated employee of the owner, of a hotel, motel, bed and breakfast or vacation home rental within the TBID.

[5] Funding requests under $4,999 are reviewed by a sub-committee of the H1TA Board consisting of the Chair and a County representative.

preparation of a management district plan, at least 50 percent of the businesses that would pay the proposed assessment to sign and submit a written petition to the County, the County Board to adopt a Resolution of Intention declaring the intent to form the new TBID, and the County Board to conduct a public meeting and public hearing to create the new TBID. According to the management district plan, the new TBID would not alter the existing arrangement for LFA funding, nor the number or structure of the local fund advisory boards. Since the management district plan designates an owner's association, H1TA, to provide the improvements, maintenance, and activities described in the management district plan, the County must contract with H1TA, to provide those services.

Supervisor Paulding was elected to office in November 2022 and assumed office on January 3, 2023. Supervisor Paulding's spouse serves as the Executive Director of Eco SLO, a California nonprofit public benefit corporation recognized under Section 501(c)(3) of the Internal Revenue Code. Eco SLO's mission is to protect and preserve the natural resources of the County through education, stewardship, and community engagement. Eco SLO's gross annual revenue is approximately $255,000.

Supervisor Paulding's spouse receives compensation from Eco SLO that exceeds the reporting threshold under the Act. During the past 12 months, Eco SLO has received approximately $5,500 in funding from the current TBID, based on the recommendations of several different local fund advisory boards, for creek clean-up and beautification projects. It is unknown whether the TBID will continue to fund these projects in the future.

ANALYSIS

The Act

Under Section 87100 of the Act, "[a] public official at any level of state or local government shall not make, participate in making, or in any way attempt to use the public official's official position to influence a governmental decision in which the official knows or has reason to know the official has a financial interest." "A public official has a financial interest in a decision within the meaning of Section 87100 if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the official, a member of the official's immediate family," or on certain specified economic interests. (Section 87103.)

Pertinent to these facts, the relevant economic interests under Section 87103 are:

- An interest in a source of income to the official, or promised income, which aggregates to $500 or more within 12 months prior to the decision (Section 87103(c)), including any community property interest in the income of a spouse (Section 82030(a)).

- An interest in the official's personal finances, meaning the financial effect of a governmental decision on the personal finances of a public official or his or her immediate family. (Section 87100; Regulation 18700(c)(6).)

According to the facts, Supervisor Paulding's spouse is employed by, and receives a salary from, Eco SLO.

Foreseeability

Generally, a financial effect is presumed to be reasonably foreseeable if the interest is "explicitly involved" in a decision. An interest is "explicitly involved" in a decision if the interest is a named party in, or the subject of, a governmental decision before the official or the official's agency. (Regulation 18701(a).) Regulation 18701(b) sets out the appropriate standard to determine foreseeability where the financial interest is not explicitly involved in the decision. Generally, a financial effect is reasonably foreseeable where it "can be recognized as a realistic possibility and more than hypothetical or theoretical … absent extraordinary circumstances" beyond the public official's control. (Regulation 18701(b).) A financial effect need not be likely to be considered reasonably foreseeable. *(Ibid.)*

Materiality

Source of Income

The standard for determining materiality for a source of income is set out in Regulation 18702.3. The reasonably foreseeable financial effect of a governmental decision on an official's financial interest in a source of income is material under Regulation 18702.3(a)(3) when the source is a nonprofit organization and one of three criteria applies. These criteria are:

> (A) The decision may result in an increase or decrease of the organization's annual gross receipts, or the value of the organization's assets or liabilities, in an amount equal to or more than:
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> (i) $1,000,000; or
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> (ii) Five percent of the organization's annual gross receipts and the increase or decrease is equal to or greater than $10,000.
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> (B) The decision may cause the organization to incur or avoid additional expenses or to reduce or eliminate expenses in an amount equal to or more than:
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> (i) $250,000; or
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> (ii) One percent of the organization's annual gross receipts and the change in expenses is equal to or greater than $2,500.
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> (C) The official knows or has reason to know that the organization has an interest in real property and:

(i) The property is a named party in, or the subject of, the decision under Regulations 18701(a) and 18702.2(a)(1) through (6); or

(ii) There is clear and convincing evidence the decision would have a substantial effect on the property.

Based on the facts provided, organizations must first apply for LFA funding, and the award of LFA funding is discretionary. It is unknown whether Eco SLO will apply for future grant funding, whether local fund advisory boards would recommend funding, and whether the TBID would award it. Additionally, the decision to reestablish the TBID for the County under a different law would not alter LFA funding or the local fund advisory boards. Thus, there is no indication that a decision to dissolve the current TBID or to reestablish the TBID under the 1994 Law would cause an increase or decrease of Eco SLO's annual gross receipts, or the value of the organization's assets or liabilities merely because of the previously approved funding for creek clean-up and beautification projects. Likewise, there is no indication that the decisions will have an effect on Eco SLO's expenses or any interest in property Eco SLO may have.

Personal Financial Effect

The standard for determining materiality for a personal financial effect is set out in Regulation 18702.5. Regulation 18702.5(a) provides that:

> A governmental decision's reasonably foreseeable financial effect on a public official's financial interest in personal finances or those of immediate family, also referred to as a "personal financial effect," is material if the decision may result in the official or the official's immediate family member receiving a financial benefit or loss of $500 or more in any 12-month period due to the decision.

For the reasons stated above, it is not reasonably foreseeable that the County Board's decisions to dissolve and reestablish the TBID will result in Supervisor Paulding or his spouse receiving a financial benefit or loss of $500 or more in any 12-month period. Moreover, there is no indication that Supervisor Paulding's spouse's employment is affected by Eco SLO's receipt of TBID grants.

Accordingly, based on the facts provided, it is not reasonably foreseeable that the decisions whether to reauthorize the TBID will not have a material financial effect on Supervisor Paulding's economic interests in Eco SLO as a source of income or his personal finances. Supervisor Paulding does not have a prohibitive conflict of interest under the Act and may take part in the decisions.

If you have other questions on this matter, please contact me at JGin@fppc.ca.gov.

Sincerely,

Dave Bainbridge
General Counsel

Joanna Gin

By: Joanna Gin
Senior Counsel, Legal Division

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