

9) **Biennial Review of the Conflict of Interest Code**

Adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, AMENDING RESOLUTION NO. 2022-94 UPDATING THE CITY OF LAKE ELSINORE CONFLICT OF INTEREST CODE.



## REPORT TO CITY COUNCIL

**To:** Honorable Mayor and Members of the City Council

**From:** Jason Simpson, City Manager

**Prepared by:** Candice Alvarez, MMC, City Clerk

**Date:** September 24, 2024

**Subject:** Biennial Review of the Conflict of Interest Code

### **Recommendation**

Adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, AMENDING RESOLUTION NO. 2022-94 UPDATING THE CITY OF LAKE ELSINORE CONFLICT OF INTEREST CODE.

### **Background**

The Political Reform Act requires all local governmental agencies to review its Conflict of Interest Code (Code) biennially, in even-numbered years, to determine if its Code requires amendment. The City Council, as the Code Reviewing Body for all agencies under its jurisdiction, must approve the Code. The City Clerk has undertaken this review and determined that amendments to the City's Code are required. Certain officials, including City Council Members, the City Treasurer, the City Manager, and the City Attorney, are subject to mandatory disclosure under Government Code Section 87200 and are included for clarity. The adopted Code requires designated employees to file an annual Statement of Economic Interests pursuant to the Fair Political Practices Commission's (FPPC's) regulations 18720 and 18730.

The City last updated its Code by adopting Resolution No. 2022-94 on September 13, 2022.

### **Discussion**

During the review of the Code, it was determined that the listing of designated employees should be updated to include all current positions within the City that qualify as filers and to remove those that no longer exist (Exhibit A).

**Fiscal Impact**

There is no fiscal impact associated with this item.

**Attachments**

Attachment 1 – Resolution

Exhibit A - Designated Filers List

Exhibit B - Disclosure Categories List

Attachment 2 - California Code of Regulations Section 18730

## **RESOLUTION NO. 2024-**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, AMENDING RESOLUTION NO. 2022-94 UPDATING THE CITY OF LAKE ELSINORE CONFLICT OF INTEREST CODE**

**Whereas**, the Political Reform Act of 1974, Government Code Section 81000 et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes; and

**Whereas**, the Fair Political Practices Commission has adopted California Code of Regulations, Title 2, Section 18730, containing the terms of a standard Conflict of Interest Code, which can be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act; and

**Whereas**, to save the City time and money by minimizing the actions required to keep the City's Conflict of Interest Code in conformity with the Political Reform Act, the City of Lake Elsinore adopted, by reference, California Code of Regulations, Title 2, Section 18730 by Resolution No. 90-121 in 1990 and by amending Resolutions every two years thereafter; and

**Whereas**, the City of Lake Elsinore is amending the previous Resolution No. 2022-94 Conflict of Interest Code to incorporate additional designated positions, revise titles of existing positions, and delete titles of previous positions to the Conflict of Interest Code for the City and Successor Agency of the City of Lake Elsinore.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** The terms of California Code of Regulations, Title 2, Section 18730, and any amendments to it duly adopted from time to time by the Fair Political Practices Commission are hereby incorporated by reference and constitute the Conflict of Interest Code for the City of Lake Elsinore.

**Section 2.** "Exhibit A" identifies which officials and employees are designated to report. "Exhibit B" identifies the disclosure categories in the Conflict of Interest Code. Persons holding designated positions shall file a Statement of Economic Interests with the City Clerk of the City of Lake Elsinore or electronically through the Secretary of State's online portal, who will make the statements available for public inspection and reproduction pursuant to Government Code Section 81008. Upon receipt of the statements of the City Council, City Manager, City Attorney, City Treasurer, Planning Commission, and Assistant City Manager, the City Clerk shall make and retain a copy and forward the original of these statements to the California Fair Political Practices Commission. Statements for all other designated employees will be retained by the Lake Elsinore City Clerk's office.

**Section 3.** The provisions of all Conflict of Interest Codes and amendments thereto previously adopted for the City of Lake Elsinore are hereby superseded.

**Section 4.** This Resolution shall take effect immediately upon its adoption.

**Section 5.** The City Clerk shall certify to the adoption of this Resolution and enter it into the book of original Resolutions.

**Passed and Adopted** at a regular meeting of the City Council of the City of Lake Elsinore, California, this 10<sup>th</sup> day of September 2024.

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Steve Manos  
Mayor

Attest:

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Candice Alvarez, MMC  
City Clerk

STATE OF CALIFORNIA     )  
COUNTY OF RIVERSIDE    ) ss.  
CITY OF LAKE ELSINORE    )

I, Candice Alvarez, MMC, City Clerk of the City of Lake Elsinore, California, do hereby certify that Resolution No. 2024-     was adopted by the City Council of the City of Lake Elsinore, California, at the Regular meeting of September 10, 2024 and that the same was adopted by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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Candice Alvarez, MMC  
City Clerk

**Designated Employees  
Schedule A**

<u>Department</u>	<u>Position</u>	<u>Disclosure Categories</u>	<u>Schedules</u>
<b><u>87200 Filers</u></b>			
	Council Member	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Candidate	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	City Treasurer	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	City Manager	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	City Attorney	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Planning Commissioner	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Assistant City Manager	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
<b><u>CITY ATTORNEY</u></b>			
	Assistant City Attorney	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
<b><u>CITY CLERK</u></b>			
	City Clerk	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Deputy City Clerk		
<b><u>CITY MANAGER</u></b>			
	Management Analyst	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
<b><u>ADMINISTRATIVE SERVICES</u></b>			
<b><u>FINANCE/HUMAN RESOURCES/RISK</u></b>			
	Director of Administrative Services Director	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Assistant Director of Administrative Services Director	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Finance Manager	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Fiscal Officer	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Human Resources Manager	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
<b><u>COMMUNITY DEVELOPMENT</u></b>			
<b><u>PLANNING &amp; ZONING</u></b>			
	Planning Director of Community Development	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Assistant Planning Community Development Director	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Planning Manager	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Environmental Planner	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Cannabis Coordinator	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Senior Planner	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Associate Planner	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Principal Planner	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
<b><u>BUILDING &amp; SAFETY</u></b>			
	Building & Safety Manager	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
<b><u>CODE ENFORCEMENT</u></b>			
	Code Enforcement Manager	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
<b><u>ECONOMIC DEVELOPMENT</u></b>			
	Economic Development Director	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
<b><u>FIRE PREVENTION</u></b>			
	Deputy Fire Marshal	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
<b><u>COMMUNITY SERVICES</u></b>			
	Director of Community Services Director	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Assistant Community Services Director	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Senior Management Analyst	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E

	Special Events Manager	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Management Analyst	1, 2, 4, 5	A-1, A-2, C, D, E
	Recreation Supervisor	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
<b><u>COMMUNITY SUPPORT</u></b>			
	Director of Community Support	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Assistant to the City Manager	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Community Support Manager	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Senior Management Analyst	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Management Analyst	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
<b><u>ECONOMIC DEVELOPMENT</u></b>			
	Director of Economic & Legislative Affairs	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Economic Development Manager	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Management Analyst	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
<b><u>INTERNAL SERVICES</u></b>			
<b><u>INFORMATION TECHNOLOGY</u></b>			
	Assistant Information Technology Director	1, 2, 4, 5	A-1, A-2, C, D, E
	Information Technology Manager	1, 2, 4, 5	A-1, A-2, C, D, E
	Information Technology Administrator	1, 2, 4, 5	A-1, A-2, C, D, E
<b><u>ENGINEERING</u></b>			
	City Engineer	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Assistant City Engineer	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	City Traffic Engineer	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Senior Civil Engineer	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Land Development Engineer	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Associate Engineer	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Assistant Engineer	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Senior Construction Inspector	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	CIP Engineer	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	CIP Specialist	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
<b><u>PUBLIC SAFETY</u></b>			
<b><u>EMERGENCY SERVICES</u></b>			
	Emergency Services Manager	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
<b><u>FIRE PREVENTION</u></b>			
	Deputy Fire Marshal	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
<b><u>PUBLIC WORKS/PARKS MAINTENANCE/FLEET</u></b>			
	Public Works Manager	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Public Works Superintendent	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Emergency Services Manager	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Management Analyst	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Public Works Supervisor	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
<b><u>BOARDS/COMMISSIONS</u></b>			
	Public Safety Advisory Commission	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Measure Z Citizens' Committee	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Parking Authority	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Successor Agency	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Lake Elsinore Recreation Authority	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Public Financing Authority	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E
	Facilities Financing Authority	1, 2, 3, 4, 5	A-1, A-2, B, C, D, E

\*\*Consultants - FPPC Regulations 18700.3 and 18704

## **Disclosure Categories**

Financial interests of employees holding positions designated in Exhibit "A" are to be reported in Statements of Economic Interest (Form 700) as follows:

### **Category 1:**

#### ***Schedule A-1 - Investments – Stocks, Bonds and Other Interests (>\$2000)***

For this category, "investment" means any financial interest in any business entity which is located in, doing business in, planning to do business in or which has done business during the previous two years in Lake Elsinore and in which the employee/spouse or registered domestic partner/dependent children had a direct, indirect or beneficial interest totaling \$2,000 or more at any time during a reporting period. "Doing business in Lake Elsinore" means the entity has business contacts on a regular or substantial basis with a person who maintains a physical presence in Lake Elsinore (e.g., manufacturing, distributing, selling, purchasing, or providing services or goods.)

### **Category 2:**

#### ***Schedule A-2 - Investments, Income, Assets of Business Entities/Trusts***

This category requires reporting investments in and income derived from a business entity or trust in which employee/spouse or registered domestic partner/dependent children have a 10% or greater interest valued at \$2,000 or more during the reporting period, and, which is located in, doing business in, planning to do business in or which has done business during the previous two years in Lake Elsinore. This category includes commission income in excess of \$10,000 and real property interests held by the business entity or trust.

### **Category 3:**

#### ***Schedule B - Interests in Real Property***

This category requires disclosure of interests in real property located in Lake Elsinore (in whole or in part), or not more than two miles outside the boundaries of the City, other than a residence, including an ownership interest, deed of trust, easement, option, leasehold interest, or interest in real property held by a business entity in which the employee has 10% or more ownership interest. Note that this category also requires disclosure of a spouse's or registered domestic partner's separate interest in real property as well.

### **Category 4:**

#### ***Schedule C – Income, Loans and Business Positions***

This category would require disclosure if the employee/member receives a gross income exceeding \$500.00 from any source located in, doing business in, planning to do business in or which has done business in Lake Elsinore within the previous two years. It would include salary, wages, per diem, expense reimbursement, the employee's community property interest in a spouse's or registered domestic partner's income from such a business, commission income, gross income from the sale of a house or car not otherwise reported on another schedule, honoraria, payments received on loans made to others, etc.

### **Category 5:**

#### ***Schedules D and E – Loans, Gifts, Honoraria, Travel Payments, etc.***

These categories relate to reporting requirements for any income received from non-government sources located in or doing business in Lake Elsinore whether it be in the form of loans, gifts, honoraria, or travel payments, advances and reimbursements. We believe that absent some extraordinary circumstance, these categories should still be applicable to all designated



employees, and board and commission members and all should disclose in these categories. A gift is reportable if its fair market value is \$50 or more. In addition, multiple gifts totaling \$50 or more received during the reporting period from a single source must be reported. Gifts are reportable regardless of where the donor is located. Travel payments reportable on Schedule E include advances and reimbursements for travel and related expenses, including lodging and meals. Gifts of travel may be subject to the gift limit. In addition, certain travel payments are reportable gifts, but are not subject to the gift limit. To avoid possible misinterpretation or the perception that you have received a gift in excess of the gift limit, you may wish to provide a specific description of the purpose of your travel.

(Regulations of the Fair Political Practices Commission, Title 2, Division 6, California Code of Regulations)

**§ 18730. Provisions of Conflict of Interest Codes.**

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Section 87300 or the amendment of a conflict of interest code within the meaning of Section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (Regulations 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees. The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or

participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Section 87200; and

(C) The filing officer is the same for both agencies. [FN1]

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in the employee's statement of economic interests those economic interests the employee has which are of the kind described in the disclosure categories to which the employee is assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's disclosure categories are the kinds of economic interests which the employee foreseeably can affect materially through the conduct of the employee's office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code. [FN2]

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1. If a person reports for military service as defined in the Servicemember's Civil Relief Act, the deadline for the annual statement of economic interests is 30 days following the person's return to office, provided the person, or someone authorized to represent the person's interests, notifies the filing officer in writing prior to the applicable filing deadline that the person is subject to that federal statute and is unable to meet the applicable deadline, and provides the filing officer verification of the person's military status.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided the person did not make or participate in the making of, or use the person's position to influence any decision and did not receive or become entitled to receive any form of payment as a result of the person's appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation the person did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12

months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to Regulation 18754.

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property [FN3] is required to be reported, [FN4] the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property;

4. A statement whether the fair market value of the investment or interest in real property equals or exceeds \$2,000, exceeds \$10,000, exceeds \$100,000, or exceeds \$1,000,000.

(B) Personal Income Disclosure. When personal income is required to be reported, [FN5] the statement shall contain:

1. The name and address of each source of income aggregating \$500 or more in value, or \$50 or more in value if the income was a gift, and a general description of the business activity, if any, of each source;

2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was \$1,000 or less, greater than \$1,000, greater than \$10,000, or greater than \$100,000;

3. A description of the consideration, if any, for which the income was received;

4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;

5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported, [FN6] the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;

2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than \$10,000.

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which the employee is a director, officer, partner, trustee, employee, or in which the employee holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on the member's or employee's statement of economic interests.

(B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

(C) Subdivisions (a), (b), and (c) of Section 89501 shall apply to the prohibitions in this section.

(D) This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of \$590.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$590 in a calendar



year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on the member's or employee's statement of economic interests.

(B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

(C) Subdivisions (e), (f), and (g) of Section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of the election to office through the date that the officer vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of the election to office through the date that the officer vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control.

This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while the official holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.

2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans from a person which, in the aggregate, do not exceed \$500 at any given time.

4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of the officer's election to office through the date the officer vacates office, receive a personal loan of \$500 or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.
2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.

2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

- a. The date the loan was made.
- b. The date the last payment of \$100 or more was made on the loan.
- c. The date upon which the debtor has made payments on the loan aggregating to less than \$250 during the previous 12 months.

(B) This section shall not apply to the following types of loans:

- 1. A loan made to the campaign committee of an elected officer or a candidate for elective office.
- 2. A loan that would otherwise not be a gift as defined in this title.
- 3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.
- 4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.
- 5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use the employee's official position to influence the making of any governmental decision which the employee knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of the official's immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth \$2,000 or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth \$2,000 or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating \$500 or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$590 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent the employee's participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make the employees' participation legally required for purposes of this section.

(9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use the official's position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of the official's immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value \$1,000 or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that the employee should not make a governmental decision because the employee has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of the duties under this code may request assistance from the Fair Political Practices Commission pursuant to Section 83114 and Regulations 18329 and 18329.5 or from the attorney for the employee's agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political

Reform Act, Sections 81000-91014. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Section 87100 or 87450 has occurred may be set aside as void pursuant to Section 91003.

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<sup>1</sup> Designated employees who are required to file statements of economic interests under any other agency's conflict of interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Section 81004.

<sup>2</sup> See Section 81010 and Regulation 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

<sup>3</sup> For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

<sup>4</sup> Investments and interests in real property which have a fair market value of less than \$2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

<sup>5</sup> A designated employee's income includes the employee's community property interest in the income of the employee's spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

<sup>6</sup> Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

### **Credits**

NOTE: Authority cited: Section 83112, Government Code. Reference: Sections 87103(e), 87300-87302, 89501, 89502 and 89503, Government Code.

### **HISTORY**

1. New section filed 4-2-80 as an emergency; effective upon filing (Register 80, No. 14).  
Certificate of Compliance included.
2. Editorial correction (Register 80, No. 29).
3. Amendment of subsection (b) filed 1-9-81; effective thirtieth day thereafter (Register 81, No. 2).
4. Amendment of subsection (b)(7)(B)1. filed 1-26-83; effective thirtieth day thereafter (Register 83, No. 5).
5. Amendment of subsection (b)(7)(A) filed 11-10-83; effective thirtieth day thereafter (Register 83, No. 46).
6. Amendment filed 4-13-87; operative 5-13-87 (Register 87, No. 16).
7. Amendment of subsection (b) filed 10-21-88; operative 11-20-88 (Register 88, No. 46).



8. Amendment of subsections (b)(8)(A) and (b)(8)(B) and numerous editorial changes filed 8-28-90; operative 9-27-90 (Reg. 90, No. 42).
9. Amendment of subsections (b)(3), (b)(8) and renumbering of following subsections and amendment of NOTE filed 8-7-92; operative 9-7-92 (Register 92, No. 32).
10. Amendment of subsection (b)(5.5) and new subsections (b)(5.5)(A)-(A)(2) filed 2-4-93; operative 2-4-93 (Register 93, No. 6).
11. Change without regulatory effect adopting Conflict of Interest Code for California Mental Health Planning Council filed 11-22-93 pursuant to title 1, section 100, California Code of Regulations (Register 93, No. 48). Approved by Fair Political Practices Commission 9-21-93.
12. Change without regulatory effect redesignating Conflict of Interest Code for California Mental Health Planning Council as chapter 62, section 55100 filed 1-4-94 pursuant to title 1, section 100, California Code of Regulations (Register 94, No. 1).
13. Editorial correction adding HISTORY 11 and 12 and deleting duplicate section number (Register 94, No. 17).
14. Amendment of subsection (b)(8), designation of subsection (b)(8)(A), new subsection (b)(8)(B), and amendment of subsections (b)(8.1)-(b)(8.1)(B), (b)(9)(E) and NOTE filed 3-14-95; operative 3-14-95 pursuant to Government Code section 11343.4(d) (Register 95, No. 11).
15. Editorial correction inserting inadvertently omitted language in footnote 4 (Register 96, No. 13).
16. Amendment of subsections (b)(8)(A)-(B) and (b)(8.1)(A), repealer of subsection (b)(8.1)(B), and amendment of subsection (b)(12) filed 10-23-96; operative 10-23-96 pursuant to Government Code section 11343.4(d) (Register 96, No. 43).

17. Amendment of subsections (b)(8.1) and (9)(E) filed 4-9-97; operative 4-9-97 pursuant to Government Code section 11343.4(d) (Register 97, No. 15).
18. Amendment of subsections (b)(7)(B)5., new subsections (b)(8.2)-(b)(8.4)(C) and amendment of NOTE filed 8-24-98; operative 8-24-98 pursuant to Government Code section 11343.4(d) (Register 98, No. 35).
19. Editorial correction of subsection (a) (Register 98, No. 47).
20. Amendment of subsections (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 5-11-99; operative 5-11-99 pursuant to Government Code section 11343.4(d) (Register 99, No. 20).
21. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 12-6-2000; operative 1-1-2001 pursuant to the 1974 version of Government Code section 11380.2 and Title 2, California Code of Regulations, section 18312(d) and (e) (Register 2000, No. 49).
22. Amendment of subsections (b)(3) and (b)(10) filed 1-10-2001; operative 2-1-2001.
- Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 2).
23. Amendment of subsections (b)(7)(A)4., (b)(7)(B)1.-2., (b)(8.2)(E)3., (b)(9)(A)-(C) and footnote 4. filed 2-13-2001. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 7).
24. Amendment of subsections (b)(8.1)-(b)(8.1)(A) filed 1-16-2003; operative 1-1-2003.
- Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of*

Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2003, No. 3).

25. Editorial correction of HISTORY 24 (Register 2003, No. 12).

26. Editorial correction removing extraneous phrase in subsection (b)(9.5)(B) (Register 2004, No. 33).

27. Amendment of subsections (b)(2)-(3), (b)(3)(C), (b)(6)(C), (b)(8.1)-(b)(8.1)(A), (b)(9)(E) and (b)(11)-(12) filed 1-4-2005; operative 1-1-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 1).

28. Amendment of subsection (b)(7)(A)4. filed 10-11-2005; operative 11-10-2005 (Register 2005, No. 41).

29. Amendment of subsections (a), (b)(1), (b)(3), (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 12-18-2006; operative 1-1-2007. Submitted to OAL pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2006, No. 51).

30. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 10-31-2008; operative 11-30-2008. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2008, No. 44).

31. Amendment of section heading and section filed 11-15-2010; operative 12-15-2010.

Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2010, No. 47).

32. Amendment of section heading and subsections (a)-(b)(1), (b)(3)-(4), (b)(5)(C), (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) and amendment of footnote 1 filed 1-8-2013; operative 2-7-2013.

Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2013, No. 2).

33. Amendment of subsections (b)(8.1)-(b)(8.1)(A), (b)(8.2)(E)3. and (b)(9)(E) filed 12-15-2014; operative 1-1-2015 pursuant to section 18312(e)(1)(A), title 2, California Code of Regulations.

Submitted to OAL for filing and printing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2014, No. 51).

34. Redesignation of portions of subsection (b)(8)(A) as new subsections (b)(8)(B)-(D), amendment of subsections (b)(8.1)-(b)(8.1)(A), redesignation of portions of subsection (b)(8.1)(A) as new subsections (b)(8.1)(B)-(C) and amendment of subsection (b)(9)(E) filed 12-1-2016; operative 12-31-2016 pursuant to Cal. Code Regs. tit. 2, section 18312(e). Submitted to

OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2016, No. 49).

35. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 12-12-2018; operative 1-11-2019 pursuant to Cal. Code Regs., tit. 2, section 18312(e). Submitted to OAL for filing and printing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2018, No. 50).

36. Amendment of subsections (b)(8.1)-(8.1)(A) filed 12-23-2020; operative 1-1-2021 pursuant to Cal. Code Regs., tit. 2, section 18312(e). Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2020, No. 52).

37. Amendment of subsections (b)(3)(C), (b)(5)(C), (b)(5.5), (b)(5.5)(A)(2), (b)(7)(D), (b)(8)(A), (b)(8.1)(A), (b)(8.2)(A), (b)(8.2)(C)-(D), (b)(8.3)(A), (b)(9), (b)(9.3), (b)(9.5), (b)(10) and (b)(11) and footnote 5 filed 5-12-2021; operative 6-11-2021 pursuant to Cal. Code Regs., tit. 2, section 18312(e). Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate

District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2021, No. 20).

38. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 12-20-2022; operative 1-19-2023 pursuant to Cal. Code Regs., tit. 2, section 18312(e). Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2022, No. 51).