

## **SECTION THREE**

**CANDIDATES: Important Things to Remember  
(Fair Political Practices Commission)**

**2009/2010 CAMPAIGN CHANGES  
(Fair Political Practices Commission)**

**CAMPAIGN REFORM  
(HBMC Chapter 2.07)**

**GIFTS TO PUBLIC OFFICIALS  
(California Government Code Section 89503)**

**Limitations and Restrictions on Gifts, Honoraria,  
Travel and Loans  
(Fair Political Practices Commission,  
January, 2007)**

**Candidate Controlled Committees New  
Requirements for Reporting Expenditures for  
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(Fair Political Practices Commission,  
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<b>CANDIDATES: Important Things To Remember</b>	
<b>Candidates</b>	
<b>Key Topics</b>	
<b>Ask the FPPC for advice</b>	
<b>Software Vendors</b>	
	<b>1. BE INFORMED</b> Study the FPPC Campaign Disclosure Manuals (Campaign Disclosure Manual 1 - Information for State Candidates, Their Controlled Committees, and Primarily Formed Committees for State Candidates or Campaign Disclosure Manual 2 - Information for Local Candidates, Superior Court Judges, Their Controlled Committees, and Primarily Formed Committees for Local Candidates). Local candidates also should ask their election official about any local campaign restrictions.
	<b>2. BEFORE RAISING OR SPENDING ANY MONEY</b> File Form 501 (Candidate Intention). Then open a campaign bank account. Once \$1,000 is raised or spent, get an identification number by filing Form 410.
	<b>3. MARK YOUR CALENDAR</b> Know the due dates for campaign statements and file on time.
	<b>4. KEEP GOOD RECORDS</b> Maintain details on contributions and expenditures of \$25 or more. Refer to recordkeeping guidelines in your campaign disclosure manual.
	<b>5. \$100 OR MORE IN CASH?</b> Never accept or spend \$100 or more in cash.
	<b>6. USING PERSONAL FUNDS FOR CAMPAIGN EXPENSES</b> All personal funds of the candidate must first be deposited in the campaign bank account, except for filing fee/ballot statement fee.
	<b>7. REPORT LATE CONTRIBUTIONS</b> If \$1,000 or more is received from one contributor during the last 16 days before the election, disclose receipt within 24 hours, even if the contribution is from your personal funds.
	<b>8. ITEMIZE CONTRIBUTORS</b> For contributions of \$100 or more, including loans and in-kind contributions, you must disclose the contributor's name, address, occupation and employer.
	<b>9. IF AN AGENT OR CAMPAIGN CONSULTANT BUYS GOODS OR SERVICES FOR THE CAMPAIGN</b> Itemize expenditures of \$500 or more made by the agent or consultant.
	<b>10. IDENTIFY CANDIDATE/COMMITTEE ON MAILINGS</b> Include your name and campaign address in at least 6-point type on the outside of all mass mailings (more than 200 pieces). Your committee's name may be used if it includes your name. If your name is not part of the committee's name, you may use just your name, or both your name and the name of the committee.
	<b>11. NO PERSONAL USE OF CAMPAIGN FUNDS</b> Use campaign funds only for political, legislative, or governmental purposes.
	<b>12. BE MORE INFORMED</b> Attend a campaign workshop in your area. Contact your filing officer or the FPPC if you have any questions.
	(revised 10/06)

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# California Fair Political Practices Commission

## 2009/2010 Campaign Changes

Following are highlights of recent changes to the Political Reform Act and Commission regulations. Click on Key Topics to refer to the campaign changes in prior years.

### **Regulatory Changes**

#### **Committee Name Requirements**

- **Committees with the Same Name.** When two or more committees list the same name on their Statement of Organization, the Secretary of State shall issue an identification number to the first organization that submits the form and has qualified as a committee. (See FPPC Regulation 18402 amendment, effective 6-7-2009.)

#### **Filing Requirements**

- **Secretary of State Will Reject Incomplete Statements of Organization.** When a Statement of Organization filed with the Secretary of State does not contain required information, the form will not be accepted and will be returned without an identification number assigned. See Form 410 and the accompanied fact sheet "Don't Delay your ID Number" for detailed information. (See FPPC Regulation 18410, effective 6-7-2009.)
- **Filing Requirements for Candidates with Multiple Controlled Committees.** Candidates who control more than one committee, including all candidate controlled campaign committees, officeholder account committees, legal defense fund committees and ballot measure committees, must file campaign statements for each of these committees on the dates the candidate or elected officer is required to file pre-election statements in connection with his or her election to office. (See FPPC Regulation 18405, effective 7-9-2009.)
- **Cross-Filing for Officeholders Running in Another Jurisdiction.** When an elected officeholder is running for office in a different jurisdiction, such as a city council member running for State Assembly, the officeholder must file pre-election and semi-annual campaign statements (Form 460) for all committees he or she controls with each jurisdiction. (See FPPC Regulation 18405, effective 7-9-2009.)

#### **Advertisements and Mailings**

- **Advertisement Disclosure for Ballot Measures and Independent Expenditures.** Regulation 18450.4 specifies how advertisement disclosures for ballot measures and independent expenditures should appear in video, audio and print ads. The regulation was amended to expressly state that yard signs are subject to the disclosure requirements for over size print media. The regulation was also amended to cover disclosures under the recent statute requiring that independent expenditure advertisements opposing a candidate state that they are "not authorized by a candidate or a committee controlled by a candidate." (Section 84506.5 enacted in 2007.) (See FPPC Regulation 18450.4 amendment, effective 8-6-2009.)
- **Payments by State or Local Agencies for Campaign Related Communications.** A state or local agency makes a contribution or an independent expenditure when it pays for a campaign related communication that expressly advocates or unambiguously urges the election or defeat of a candidate or measure. The regulation sets forth criteria for making these determinations and requires disclosure of these payments. This regulation does not condone or authorize the use of public money by state or local agencies for campaign related activities. (See FPPC Regulation 18420.1 amendment, effective 10-22-09.)

## California Fair Political Practices Commission

### 2009/2010 Campaign Changes

- **Prohibition on Campaign Related Mailings Sent at Public Expense.** Campaign related mass mailings sent by state or local agencies at public expense are prohibited under the circumstances described in the regulation. Some exceptions to the prohibition are also described in the regulation. (See FPPC Regulation 18901.1, effective 10-22-09.)

### **Statutory Changes**

**Campaign Funds May Not be Used to Pay Candidate's Spouse for Fundraising Services.** The spouse or domestic partner of an elected officer or candidate is prohibited from receiving compensation from campaign funds held by a controlled committee of the elected officer or candidate for services rendered in connection with fundraising for the benefit of the officer or candidate. (See Gov. Code Section 84307.5 added by Ch. 360, Stats. 2009, effective 1-01-10.)

**Expenditures of Public Money for Campaign Purposes.** The definitions of "contribution" and "independent expenditure" have been amended to include a payment by a state or local government agency of public moneys for a communication to the public that expressly advocates the support or opposition of a candidate or ballot measure, or taken as a whole and in context, unambiguously urges a particular result in an election. These amendments reflect concerns that some local government agencies were blurring the line between providing information and "advocating" on behalf of certain ballot measures. (See Gov. Code Sections 82015 and 82031 amended by Ch. 363, Stats. 2009, effective 1-01-10.) (Also see FPPC Regulations 18420.1 and 18901.1 summarized above.)

**Definition of LAFCO Proposals.** The definition of "LAFCO proposal" under Section 82035.5 has been amended to conform with the definition contained in the Cortese-Knox-Hertzberg Local Government Reorganization Act, by including a proceeding as defined in Section 56067 of that Act. (See Gov. Code Section 82035.5 amended by Ch. 113, Stats. 2009, effective 1-01-10.)

## CHAPTER 2.07

### CAMPAIGN REFORM

(2507-11/81, 2721-10/84, 2818-3/86, \*3220-1/94, 3452-3/00, 3580-10/02, 3599-2/03, 3749-9/06, 3803-6/08, 3830-5/09)

\*The provisions of this Chapter shall become effective upon adoption, pursuant to Huntington Beach City Charter Section 500(e)(1).  
(3220-1/94)

#### Sections:

- 2.07.010 Name
- 2.07.020 Purpose
- 2.07.030 Relation to Political Reform Act of 1974
- 2.07.040 Definitions
- 2.07.050 Campaign contribution limitations
- 2.07.060 (Repealed – Ordinance No. 3803-6/08)
- 2.07.070 Election cycle
- 2.07.080 Prohibition on multiple campaign committees
- 2.07.090 Prohibition on transfers
- 2.07.100 Loans to city candidates and elective city officers and their controlled committee
- 2.07.110 (Repealed – Ordinance No. 3803-6/08)
- 2.07.120 (Repealed – Ordinance No. 3803-6/08)
- 2.07.130 Transmittal of campaign contributions in city office buildings
- 2.07.140 Disclosure of occupation and employer
- 2.07.150 Reporting of cumulative contributions
- 2.07.160 (Repealed – Ordinance No. 3803-6/08)
- 2.07.170 (Repealed – Ordinance No. 3803-6/08)
- 2.07.180 (Repealed – Ordinance No. 3803-6/08)
- 2.07.190 (Repealed – Ordinance No. 3803-6/08)
- 2.07.200 (Repealed – Ordinance No. 3803-6/08)
- 2.07.210 (Repealed – Ordinance No. 3803-6/08)
- 2.07.220 Applicability of other laws
- 2.07.230 Severability
- 2.07.240 Interpretation of chapter
- 2.07.250 (Repealed – Ordinance No. 3803-6/08)
- 2.07.260 Effective date

**2.07.010 Name.** This Chapter shall be known and may be cited as the "City of Huntington Beach Campaign Reform Law." (3220-1/94)

**2.07.020 Purpose.** The purpose of this Chapter is to ensure that the financial strength of certain individuals or organizations does not permit them to exercise a disproportionate or controlling influence on the election of City candidates. To achieve such purpose, this Chapter is designed to reduce the influence of large contributions, to ensure that multiple contributions in excess of the contribution limits do not originate from the same source of funds, to ensure that individuals and interest groups continue to have a fair and equal opportunity to participate in electing City candidates, and to maintain public trust in governmental institutions and the electoral process.  
(3220-1/94)

**2.07.030 Relation to Political Reform Act of 1974.** This Chapter is intended to supplement the Political Reform Act of 1974. Unless the term is specifically defined in this Chapter, or the contrary is stated or clearly appears from the context, words and phrases shall have the same meaning as when they are used in Title 9 of the California Government Code, in which the Political Reform Act of 1974 is codified, as the same may be, from time to time amended.  
(3220-1/94)

#### **2.07.040 Definitions.**

- (a) "City Candidate" means any person who is a candidate for the city Council, City Clerk, City Treasurer, or City Attorney of the City of Huntington Beach. (3220-1/94)
- (b) "Elective City Officer" means any person who is Mayor, a member of the City Council, City Clerk, City Treasurer, or City Attorney of the City of Huntington Beach, whether appointed or elected. (3220-1/94)
- (c) "Non-elected City Official" means any person who is a member of a City of Huntington Beach board, committee, or commission, and who is not elected to that position. (3220-1/94)
- (d) "Person" means an individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, association, committee, and any other organization or group of persons acting in concert. (3220-1/94)

**2.07.050 Campaign contribution limitations.** No person shall make to any City candidate or the controlled committee of any such City candidate, and no such candidate or committee shall accept from any such person, a contribution or contributions totaling more than five hundred dollars (\$500) in a City Council, City Clerk, City Treasurer, or City Attorney election cycle. Thereafter said contribution limitations shall increase by the October consumer price index (CPI) of Los Angeles, Long Beach, and Anaheim areas, rounded to the nearest \$10, effective at the beginning of each new election cycle. (3220-1/94, 3452-3/00, 3599-2/03, 3803-6/08)

#### **2.07.070 Election cycle.** (3749-9/06)

- (a) **City Council, City Clerk, City Treasurer, and City Attorney Elections.** For purposes of the limits of this Chapter, as applied to elections for City Council, City Clerk, City Treasurer, and City Attorney, the final date for contributions shall be December 31 of the year in which the election for the open position was held. Contributions made after the final date shall be deemed contributions for the next election cycle. Notwithstanding the foregoing, contributions made after the final date to an elected Council Member who is ineligible for a further consecutive term, shall be deemed a contribution for the most recent election cycle in which such Council Member was eligible, and such contributions shall be subject to all other limitations and regulations in effect during said election cycle. (3220-1/94, 3830-5/09)
- (b) **Examples of the Election Cycle.** January 1, 1987, to December 31, 1990, was the "Election Cycle" for the 1990 election. Pursuant to Section 2.07.070 Election Cycle, the four (4) year period for purposes of applying the interpretation of the Campaign Ordinance Election Cycle 2.07.070(a) shall be as follows: (3220-1/94)

##### Example 1. (3220-1/94)

1992 Election Cycle - Three Council Seats and City Clerk and City Treasurer: January 1, 1989 - December 31, 1992. (3220-1/94)

- (1) The "last election" was November 1988. (3220-1/94)
- (2) December 31, 1988, was the last or final date for receipt of campaign contributions for the 1988 election. (3220-1/94)
- (3) January 1, 1989, began the election cycle for the 1992 election. (3220-1/94)
- (4) December 31, 1992, ended the election cycle for the 1992 election. (3220-1/94)

Example 2. (3220-1/94)

1994 Election Cycle - Four (4) Council Seats and City Attorney: January 1, 1991 - December 31, 1994. (3220-1/94)

- (1) The "last election" was November 1990. (3220-1/94)
- (2) December 31, 1990, was the last or final date for receipt of campaign contributions for the 1990 election. (3220-1/94)
- (3) January 1, 1991, began the election cycle for the 1994 election. (3220-1/94)
- (4) December 31, 1994, ends the election cycle for the 1994 election. (3220-1/94)

Example 3. (3220-1/94)

1996 Election Cycle - Three (3) Council Seats and City Clerk and City Treasurer: January 1, 1993 - December 31, 1996. (3220-1/94)

- (1) The "last election" was November 1992. (3220-1/94)
- (2) December 31, 1992, was the last or final date for receipt of campaign contributions for the 1992 election. (3220-1/94)
- (3) January 1, 1993, began the election cycle for the 1996 election. (3220-1/94)
- (4) December 31, 1996, ends the election cycle for the 1996 election. (3220-1/94)

(c) **Recalls.** For purposes of the limits of this Chapter, campaign contributions made at any time after a committee has been formed, pursuant to the provisions of the Political Reform Act, in support of a recall election or after the City Clerk has approved a recall petition for circulation and gathering of signatures, whichever occurs first, shall be considered contributions during a recall election cycle. A recall election cycle shall end whenever any of the following occur: (3220-1/94)

- (1) The recall proponents fail to return signed petitions to the City Clerk within the time limits set forth in the California Elections Code. (3220-1/94)
- (2) All committees formed in support of the recall have been terminated pursuant to the provisions of the Political Reform Act. (3220-1/94)
- (3) Ten (10) days after a recall election has been held. (3220-1/94)

**2.07.080 Prohibition on multiple campaign committees.** A City candidate or an elective City officer shall have no more than one campaign committee which shall have only one bank account out of which all qualified campaign and office holder expenses related to that City office shall be made. This section does not prevent a City candidate or an elective City officer from establishing another campaign committee solely for the purpose of running for a state, federal, local, or other City office. This section also does not prevent an elective City officer from establishing another campaign committee solely for the purpose of opposing his or her own recall. (3220-1/94)

**2.07.090 Prohibition on transfers.**

(a) No funds may be transferred into any city candidate or elective city officer's campaign committee from any other campaign committee controlled by a candidate (including said City candidate) or by an elective City officer (including said elective City officer.) (3220-1/94)

- (b) No City candidate and no committee controlled by a City candidate or elective City officer shall make any contribution to any other City candidate running for office or to any committee supporting or opposing a City candidate for elective City office, nor to any committee supporting or opposing a recall of an elective City officer. This section shall not prohibit a City candidate from making a contribution from his or her own personal funds to his or her own candidacy or to the candidacy of any other candidate for elective City office. (3220-1/94)

The provision of this section shall not apply to the candidate or elected officer who forms a new committee for purposes of reelection to the same office and, to close out the prior committee, transfers the money or debt from the prior committee to the new committee and, in so doing, complies with all regulations of the political Reform Act of 1974, and as amended. (3220-1/94)

**2.07.100 Loans to City candidates and elective City officers and their controlled committee.**

- (a) A loan shall be considered a contribution from the maker and the guarantor of the loan and shall be subject to the contribution limitations of this Chapter. (3220-1/94)
- (b) Every loan to a City candidate or elective City officer or their controlled committees shall be by written agreement which shall be filed with the candidate's or committee's Campaign Statement on which the loan is first reported. (3220-1/94)
- (c) The proceeds of a loan made to a City candidate or elective City officer by a commercial lending institution in the regular course of business on the same terms available to members of the public shall not be subject to the contribution limitations of this Chapter if the loan is made directly to the City Candidate or elective City officer or his or her controlled committee. The guarantors of such a loan shall remain subject to the contribution limits of this Chapter. (3220-1/94)
- (d) Extensions of credit (other than loans pursuant to Section 2.07.100(c) for a period of more than thirty (30) days are subject to the contribution limitations of this Chapter. (3220-1/94)
- (e) This section shall apply only to loans and extensions of credit used or intended for use for campaign purposes or which are otherwise connected with the holding of public office. (3220-1/94)
- (f) The monetary limitations or provisions of this section shall not apply to a candidate's loan of his or her personal funds to his or her own campaign committee. (3220-1/94)
- (g) No City candidate and no committee controlled by a City candidate or elective City officer shall make any contribution to any other City candidate running for office or to any committee supporting or opposing a City candidate for elective City office, nor to any committee supporting or opposing a recall of an elective City officer. This section shall not prohibit a City candidate from making a contribution from his or her own personal funds to his or her own candidacy or to the candidacy of any other candidate for elective City office. (3220-1/94)

**2.07.130 Transmittal of campaign contributions in city office buildings.**

- (a) No person shall receive or personally deliver or attempt to deliver a contribution in any office which the City owns or for which the City pays the majority of the rent where the business of the City is conducted. (3220-1/94, 3803-6/08)

(b) For purposes of this section: (3220-1/94)

(1) "Personally deliver" means delivery of a contribution in person or causing a contribution to be delivered in person by an agent or intermediary, other than the United States mail. (3220-1/94)

(2) "Receive" includes the receipt of a campaign contribution delivered in person. (3220-1/94, 3803-6/08)

**2.07.140 Disclosure of occupation and employer.** No campaign contribution shall be deposited into a campaign bank account of a City candidate or elective City officer unless the disclosure information required by the Political Reform Act, including the name, address, occupation and employer of the contributor, or, if self employed, name of business, is on file in the records of the recipient of the contribution. This information is to be reported on each Campaign Statement required to be filed by the Political Reform Act. (3220-1/94)

**2.07.150 Reporting of cumulative contributions.** A cumulative contribution for each contributor shall be based on an election cycle and shall be reported on each Campaign Statement required to be filed by the Political Reform Act. (3220-1/94)

**2.07.220 Applicability of other laws.** Nothing in this Chapter shall exempt any person from applicable provisions of any other laws of this state or jurisdiction. (3220-1/94)

**2.07.230 Severability.** If any provisions of this Chapter, or the application of any such provision to any person or circumstances, shall be held invalid, the remainder of this Chapter, to the extent it can be given effect, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby, and to this extent the provisions of this Chapter are severable. (3220-1/94)

**2.07.240 Interpretation of chapter.** This Chapter should be liberally construed to accomplish its purposes. (3220-1/94)

**2.07.260 Effective date.** The provisions of this Chapter shall become effective upon adoption, pursuant to Huntington Beach City Charter Section 500(e)(1). (3220-1/94)

CALIFORNIA CODES  
GOVERNMENT CODE  
SECTION 89503

**89503.** (a) No 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 any calendar year with a total value of more than two hundred fifty dollars (\$250).

(b) (1) No candidate for elective state office, for judicial office, or for elective office in a local government agency shall accept gifts from any single source in any calendar year with a total value of more than two hundred fifty dollars (\$250). A person shall be deemed a candidate for purposes of this subdivision when the person has filed a statement of organization as a committee for election to a state or local office, a declaration of intent, or a declaration of candidacy, whichever occurs first. A person shall not be deemed a candidate for purposes of this subdivision after he or she is sworn into the elective office, or, if the person lost the election, after the person has terminated his or her campaign statement filing obligations for that office pursuant to Section 84214 or after certification of the election results, whichever is earlier.

(2) Paragraph (1) shall not apply to any person who is a candidate as described in paragraph (1) for judicial office on or before December 31, 1996.

(c) No member of a state board or commission or designated employee of a state or local government agency shall accept gifts from any single source in any calendar year with a total value of more than two hundred fifty dollars (\$250) if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.

(d) This section shall not apply to a person in his or her capacity as judge. This section shall not apply to a person in his or her capacity as a part-time member of the governing board of any public institution of higher education unless that position is an elective office.

(e) This section shall not prohibit or limit the following:

(1) Payments, advances, or reimbursements for travel and related lodging and subsistence permitted by Section 89506.

(2) Wedding gifts and gifts exchanged between individuals on birthdays, holidays, and other similar occasions, provided that the gifts exchanged are not substantially disproportionate in value.

(f) Beginning on January 1, 1993, the commission shall adjust the gift limitation in this section on January 1 of each odd-numbered year to reflect changes in the Consumer Price Index, rounded to the nearest ten dollars (\$10).

(g) The limitations in this section are in addition to the limitations on gifts in Section 86203.

**HBMC Chapter 2.05 - Gifts to Public Officials  
Repealed by Ordinance 3714-07/05**

# **Limitations and Restrictions on Gifts, Honoraria, Travel and Loans**

## ***A Fact Sheet For***

- Local Elected Officers and Candidates for Local Elective Offices
- Local Officials Specified in Government Code Section 87200
- Judicial Candidates
- Designated Employees of Local Government Agencies

California Fair Political  
Practices Commission

Toll-free advice line: 1 (866) ASK-FPPC  
Website: [www.fppc.ca.gov](http://www.fppc.ca.gov)

February 2010

# Introduction

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The Political Reform Act<sup>1</sup> (the "Act") imposes limits on gifts, prohibits honoraria payments, and imposes limits and other restrictions on the receipt of travel payments received by:

- Local elected officers and other local officials specified in Government Code Section 87200,<sup>2</sup> excluding judges;<sup>3</sup>
- Designated employees of local government agencies (i.e., individuals required to file statements of economic interests under a local agency's conflict-of-interest code); and
- Candidates<sup>4</sup> for any of these offices or positions and judicial candidates. (Sections 89502 and 89503.)

The Act also imposes limits and other restrictions on personal loans received by certain local officials.

This fact sheet summarizes the major provisions of the Act concerning gifts, honoraria, travel, and loans. You should not, however, rely on the fact sheet alone to ensure compliance with the Act. If you have any questions, contact the Fair Political Practices Commission at (866) ASK-FPPC or visit our website at [www.fppc.ca.gov](http://www.fppc.ca.gov). Commission advice letters

are available on our website. You may also be subject to local restrictions on gifts, honoraria, or travel.

## Ethics Training

Most local agency officials are required to complete an ethics training course. Contact your agency for course information. Also see the FPPC website for a link to local agency ethics training.

## Enforcement

Failure to report gifts, honoraria, loans, and travel payments may result in monetary penalties of up to \$5,000 per violation. (Section 83116.)

<sup>1</sup> Government Code Sections 81000-91014. Commission regulations appear at 2 California Code of Regulations Section 18000, et seq.

<sup>2</sup> Local officials specified in Government Code Section 87200 include: members of boards of supervisors and city councils, mayors, city/county planning commissioners, city/county chief administrative officers, city/county treasurers, district attorneys, county counsels, city managers, city attorneys, court commissioners and public officials who manage public investments.

<sup>3</sup> The gift limits and honoraria ban in the Political Reform Act do not apply to a person in his or her capacity as judge. However, candidates for judicial offices are subject to the restrictions contained in the Political Reform Act. (Sections 89502 and 89503.)

<sup>4</sup> For purposes of the gift limit and honoraria prohibition, you become a "candidate" when you file a statement of organization (Form 410) as a controlled committee for the purpose of seeking elective office, a candidate intention statement (Form 501), or a declaration of candidacy, whichever occurs first. If you are an unsuccessful candidate, you will no longer be subject to the gift limit and honoraria prohibition when you have terminated your campaign filing obligations, or after certification of election results, whichever is earlier. (Sections 89502(b) and 89503(b).)

# Gifts

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## Limitations

If you are a local elected officer, a candidate for local elective office, a local official specified in Government Code Section 87200, or a judicial candidate, you may not accept gifts from any single source totaling more than \$420 in a calendar year. (Section 89503.)<sup>5</sup>

If you are an employee of a local government agency who is designated in the agency's conflict-of-interest code, you may not accept gifts from any single source totaling more than \$420 in a calendar year if you are required to report receiving income or gifts from that source on your statement of economic interests. (Section 89503(c).)

## What is a "Gift"?

A "gift" is any payment or other benefit provided to you that confers a personal benefit for which you do not provide goods or services of equal or greater value. A gift 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. (Section 82028.) (See FPPC Regulation 18946 for valuation guidelines.)

Except as discussed below, you have "received" or "accepted" a gift when you know that you have actual possession of the gift or when you take any action exercising direction or control over the gift, including discarding the gift or turning it over to another person. (Regulation 18941.)

In some cases, a gift to an official's family member\* is considered a gift to the official. (See Regulation 18944, effective February 10, 2009.) This rule prevents donors from exceeding the limits on gifts to an official by giving gifts to the official's family members instead. Under the rule, when a donor gives a single gift, such as a painting for the home, to an official and family member, it is a gift to the official in its full amount. (Wedding gifts are treated specially - see Page 5.)

## Local Officials Holding Positions Listed in Government Code Section 87200.

If the family member of a local official holding a position listed in Government Code Section 87200 receives a gift from a donor involved in a governmental decision the local official is participating in, the following rules apply: (1) There is a gift to the official for its full value if the official will receive a financial benefit from the gift (defined as including something that a family would normally pay for in providing care and support to a family member), uses the gift (other than minimal use), or controls the gift (such as asking for tickets for the family member); and (2) There is a gift to the official for its full value even if the official will not receive a financial benefit from, or use or control the gift, unless the official can show the donor has an established working, social, or similar relationship with the official's family member independent of the donor's relationship with the official. (See Page 1 for a list of Section 87200 positions.)

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<sup>5</sup> The gift limit is adjusted biennially to reflect changes in the Consumer Price Index. For 2009-2010, the gift limit is \$420. (Section 89503; Regulation 18940.2.) Gifts aggregating \$50 or more must be disclosed and gifts aggregating \$420 or more may subject you to disqualification with respect to the source. (Section 87103(e).) Designated employees should consult the "disclosure category" portion of their agency's conflict-of-interest code to determine if a particular source of income or gifts must be disclosed. Some conflict-of-interest codes require very limited disclosure of income and gifts. If your agency's conflict-of-interest code requires you to disclose income and gifts only from specified sources, gifts from sources which are not required to be disclosed are not subject to the \$420 gift limit.

**Designated Employees, Members of Most Local Boards.** If the family member of a local official not holding a position listed in Government Code Section 87200 receives a gift from any person, it is a gift to the official if the official will receive a financial benefit from the gift (defined as including something that a family would normally pay for in providing care and support to a family member), uses the gift (other than minimal use), or controls the gift (such as asking for tickets for the family member) and the official cannot show that the donor has an established working, social, or similar relationship with the official's family member independent of the donor's relationship with the official.

\* For purposes of this rule, an official's "family member" includes: the official's spouse; registered domestic partner; any minor child of the official who the official can claim as a dependent for federal tax purposes; and a child of the official who is aged 18 to 23 years of age, attends school, resides with the official when not attending school, and provides less than one-half of his or her own support.

**Exceptions**

The Act and Commission regulations provide exceptions for certain types of gifts. (Section 82028; Regulations 18940-18946.5.) **The following are not subject to any gift limit and are not required to be disclosed on a statement of economic interests (Form 700):**

1. Gifts which you return (unused) to the donor, or for which you reimburse the donor, within 30 days of receipt. (Section 82028(b)(2); Regulation 18943.)

2. Gifts which you donate (unused) to a non-profit, tax-exempt (501(c)(3)) organization or a government agency within 30 days of receipt without claiming a deduction for tax purposes. (Section 82028(b)(2); Regulation 18943.)

3. Gifts from your spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, aunt, uncle, niece, nephew, or first cousin or the spouse of any such person, unless he or she is acting as an agent or intermediary for another person who is the true source of the gift. (Section 82028(b)(3); Regulation 18942(a)(3).)

4. Gifts of hospitality including food, drink or occasional lodging that you receive in an individual's home when the individual or a member of his or her family is present. (Regulation 18942(a)(7).)

5. Gifts approximately equal in value exchanged between you and another individual on holidays, birthdays, or similar occasions to the extent that the gifts exchanged are not substantially disproportionate in value. (Regulation 18942(a)(8).)

6. Informational material provided to assist you in the performance of your official duties, including books, reports, pamphlets, calendars, periodicals, videotapes, or free or discounted admission to informational conferences or seminars.

"Informational material" may also include scale models, pictorial representations, maps, and other such items, provided that if the item's fair market value is more than \$420, you have the burden of demonstrating that the item is informational. In addition, on-site demonstrations, tours, or inspections designed specifically for public officials are considered informational material, but this exception does not apply to meals or to transportation to the site unless the transportation is not commercially available. (Section 82028(b)(1); Regulations 18942(a)(1) and 18942.1.)

7. A devise or inheritance. (Section 82028(b)(5); Regulation 18942(a)(5).)

8. Campaign contributions, including rebates or discounts received in connection with campaign activities. (Section 82028(b)(4);

## Gifts

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Regulation 18942(a)(4).) However, campaign contributions must be reported in accordance with the campaign disclosure provisions of the Act and may be subject to other limitations imposed by the Act.

9. Personalized plaques and trophies with an individual value of less than \$250. (Section 82028(b)(6); Regulation 18942(a)(6).)

10. A single ticket or other admission privilege, for your own use, to attend a fundraiser for a campaign committee or candidate, or to a fundraiser for an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. The ticket may only be received from the organization or committee holding the fundraiser. The nondeductible value of a ticket to a 501(c)(3) fundraiser may not exceed the gift limit. (Regulation 18946.4.)

11. Passes or tickets that provide admission or access to facilities, goods, services, or other benefits (either on a one-time or repeated basis) that you do not use and do not give to another person. (Regulation 18946.1.)

12. Gifts provided to your government agency. This may include passes or tickets to facilities, goods, or services, travel payments, and other benefits. However, this exception does not apply to elected officials and officials specified in Government Code Section 87200 (see page 1) with regard to travel payments. In addition, certain conditions must be met before a gift received by an official through his or her agency would not be considered a gift to the official. An agency must disclose specified payments on its website. (Regulations 18944.1-18944.3.) Contact the FPPC for detailed information.

13. Generally, payments made by a third party to co-sponsor an event, or that is principally legislative, governmental or charitable in nature. (See Page 5.)

14. Leave credits (e.g., sick leave or vacation credits) received under a bona fide catastrophic

or emergency leave program established by your employer and available to all employees in the same job classification or position. Donations of cash are gifts and are subject to limits and disclosure. (Regulation 18942(a)(9).)

15. Food, shelter, or similar assistance received in connection with a disaster relief program. The benefits must be received from a governmental agency or charity (501(c)(3)) and must be available to the general public. (Regulation 18942(a)(10).)

16. Items awarded in an employee raffle, received by the agency from an agency employee who is not acting as an intermediary for another donor. This exception applies when an agency holds an employee raffle and the item awarded in the raffle has been obtained with agency funds, or is otherwise an asset of the agency and not donated to the agency by a non-agency source. This exception does not apply to passes or tickets of the type described in Regulation 18944.1. (Regulation 18944.4.(a) and (b).)

17. Items received by an employee during an employee gift exchange, so long as the item received is provided by another employee of the agency and the gifts are not substantially disproportionate in value. (Regulation 18944.4(c).)

**Gifts Reported by the Official's Agency**  
**The following exceptions are also applicable to gifts, but the official's agency may be required to report these items on a Form 801 or Form 802 instead of the official reporting the items on a statement of economic interests (Form 700).**

**Form 801:** For an item to be considered a gift to the official's agency instead of a gift to the official, the payment (or item) must provide a personal benefit to a public official, such as a travel payment; and, in order for an agency to convert the payment into an agency gift, the payment may only be used for official

agency business and the agency must control the payment. If the payment meets these requirements, the agency must report it on a Form 801 and the item is not reported on the individual's statement of economic interests (Form 700). (Regulation 18944.2.)

**Form 802:** When an official's agency provides an entertainment or sporting ticket or pass to a public official in order for it not to be reported on the individual's statement of economic interests (Form 700), the agency must have a written policy stating the public purpose for distribution of the tickets prominently posted on the agency website. The ticket or pass cannot be earmarked by the original source for use by a particular agency official, the agency must determine, in its sole discretion, which official may use the ticket or pass. The official's name will be identified on the agency's website on the Form 802 along with the source of the ticket. (Regulation 18944.1.)

### **Behested Payments**

**The following payments are not considered gifts, but the official may be required to report these items on a Form 803.**

**Form 803:** Behested payments are payments made principally for legislative, governmental, or charitable purposes. These payments are not for personal or campaign purposes. For example, an elected official may ask a third party to contribute funds to a school in his or her district, or to a job fair or health fair. Generally, a donation will be made "at the behest" if it is requested, solicited, or suggested by the elected officer, or otherwise made to a person in cooperation, consultation, coordination with, or at the consent of, the elected officer. This includes payments behested on behalf of the official by his or her agent or employee.

Behested payments totaling \$5,000 or more from a single source in a calendar year must be disclosed by the official on a Form 803, which is filed with the official's agency within 30 days of the date of the payment(s). (Section 82015.)

### **Reportable Gifts Not Subject to Limits**

**The following exceptions are also applicable to gifts, but you may be required to report these items on a statement of economic interests (Form 700) and they can subject you to disqualification:<sup>6</sup>**

1. Certain payments for transportation, lodging, and subsistence are not subject to gift limits but may be reportable. Travel payments are discussed below. See Regulation 18946.6 to determine the value of gifts of air transportation.

2. Wedding gifts are not subject to the gift limit but are reportable. For purposes of valuing wedding gifts, one-half of the value of each gift is attributable to each spouse, unless the gift is intended exclusively for the use and enjoyment of one spouse, in which case the entire value of the gift is attributable to that individual. (Regulation 18946.3.)

3. A prize or award received in a bona fide competition not related to your official status is not subject to the gift limit, but must be reported as income. Therefore, it is reportable if the value of the prize or award is \$500 or more. (Section 87207; Regulation 18946.5.)

<sup>6</sup> Designated employees should consult the "disclosure category" portion of their agency's conflict-of-interest code to determine if a particular source of income or gifts must be disclosed.

# Honoraria

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## The Prohibition

If you are a local elected officer, a candidate for local elective office, a local official specified in Government Code Section 87200, or a judicial candidate, you may not accept honoraria payments. (Section 89502.)

If you are an employee of a local government agency who is designated in the agency's conflict-of-interest code, you may not accept honoraria payments from any source if you are required to report receiving income or gifts from that source on your statement of economic interests. (Section 89502(c).)

## What is an "Honorarium"?

An "honorarium" is any payment made in consideration for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering. (Section 89501.)

A "speech given" means a public address, oration, or other form of oral presentation, including participation in a panel, seminar, or debate. (Regulation 18931.1.)

An "article published" means a nonfictional written work: 1) that is produced in connection with any activity other than the practice of a bona fide business, trade, or profession; and 2) that is published in a periodical, journal, newspaper, newsletter, magazine, pamphlet, or similar publication. (Regulation 18931.2.)

"Attendance" means being present during, making an appearance at, or serving as host or master of ceremonies for any public or private conference, convention, meeting, social event, meal, or like gathering. (Regulation 18931.3.)

## Exceptions

The Act and Commission regulations provide certain exceptions to the prohibition on honoraria. (Section 89501; Regulations 18930-

18933.) The payments described below are not prohibited and are not required to be disclosed on a statement of economic interests (Form 700):

1. An honorarium that you return (unused) to the donor or the donor's agent or intermediary within 30 days. (Section 89501(b); Regulation 18933.)

2. An honorarium that is delivered to your government agency within 30 days for donation to the agency's general fund or equivalent account for which you do not claim a deduction for income tax purposes. (Section 89501(b); Regulation 18933.)

3. A payment that is not delivered to you but is made directly to a bona fide charitable, educational, civic, religious, or similar tax-exempt, non-profit organization. However:

- You may not make the donation a condition for your speech, article, or attendance;
- You may not claim the donation as a deduction for income tax purposes;
- You may not be identified to the non-profit organization in connection with the donation; and
- The donation may have no reasonably foreseeable financial effect on you or on any member of your immediate family. (Regulation 18932.5.)

4. A payment received from your 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. However, a payment which would be considered an honorarium is prohibited if one of these persons is acting as an agent or intermediary for someone else. (Regulation 18932.4(b).)

5. Items 6, 8, and 9 under “Exceptions to the Definition of ‘Gift’” discussed earlier in this fact sheet. (Regulation 18932.4.)

3. Certain payments for transportation, lodging, and subsistence are not considered honoraria but may be reportable and subject to the gift limit. (Sections 89501(c) and 89506.)

**Exceptions That May Be Reportable As Income or Gifts**

**The following payments are not considered “honoraria” but may be reportable and can subject you to disqualification:<sup>7</sup>**

1. Payments received for a comedic, dramatic, musical, or other similar artistic performance, and payments received for the publication of books, plays, or screenplays. (Regulations 18931.1-18931.2.) However, such payments are reportable income.

2. Income earned for your personal services if the services are provided in connection with a bona fide business, trade, or profession – such as teaching, practicing law, medicine, insurance, real estate, banking, or building contracting – and the services are customarily provided in connection with the business, trade, or profession.

This exception does not apply if the sole or predominant activity of the business, trade, or profession is making speeches. In addition, you must meet certain criteria to establish that you are practicing a bona fide business, trade, or profession (such as maintenance of business records, licensure, proof of teaching position) before a payment received for personal services which may meet the definition of honorarium would be considered earned income and not an honorarium. (Section 89501(b); Regulations 18932-18932.3.) Earned income is required to be reported. Contact the FPPC for detailed information.

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<sup>7</sup> Designated employees should consult the “disclosure category” portion of their agency's conflict-of-interest code to determine if a particular source of income or gifts must be disclosed

# Travel Payments

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The Act and Commission regulations provide exceptions to the gift limit and honoraria prohibition for certain types of travel payments. (Section 89506; Regulations 18950-18950.4.)

The term "travel payment" includes payments, advances, or reimbursements for travel, including actual transportation, parking and related lodging and subsistence. (Section 89506(a).)

## Exceptions

**The following types of travel payments are not subject to any limit and are not reportable on a statement of economic interests (Form 700):**

1. Free admission to an event at which you make a speech, participate on a panel, or make a substantive formal presentation, transportation, and necessary lodging, food, or beverages<sup>8</sup>, and nominal non-cash benefits provided to you in connection with the event so long as:

- a. The speech is for official agency business and the official is representing his or her government agency in the course and scope of his or her official duties; and
- b. The payment is a lawful expenditure made only by a federal, state, or local government agency for purposes related to conducting that agency's official business.

The exception does not apply to state or local elected officers and officials specified in Section 87200. (Regulation 18950.3(b), effective March/April 2010).

2. Travel payments provided to you by your government agency or by any state, local, or federal government agency which would

be considered income and not a gift (i.e., payments for which you provide equal or greater consideration). (Section 89506(d)(2); Regulation 18950.1(d).)

3. Reimbursements for travel expenses provided to you by a bona fide non-profit, tax-exempt (501(c)(3)) entity for which you provide equal or greater consideration. (Section 82030(b)(2).)

4. Travel payments provided to you directly in connection with campaign activities. However, these payments must be reported in accordance with the campaign disclosure provisions of the Act. (Regulations 18950.1(c); 18950.4.)

5. Any payment for travel that is excluded from the definition of "gift" as described earlier in this fact sheet.

## Reportable Payments Not Subject to Limit

**The following travel payments are not subject to the gift limit but may be reportable on a statement of economic interests (Form 700):**

1. Travel that is reasonably necessary in connection with a bona fide business, trade, or profession, and which satisfies the criteria for federal income tax deductions for business expenses specified in Sections 162 and 274 of the Internal Revenue Code. (Section 89506(d)(3); Regulation 18950.1(e).) For reporting purposes, these travel payments would be considered part of the salary, wages, and other income received from the business entity and would be reported on Schedule A-2 or C of Form 700.

2. Travel within the United States that is reasonably related to a legislative or

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<sup>8</sup> Lodging, food, or beverages are "necessary" only when provided on the day immediately preceding, the day(s) of, and the day immediately following the speech, panel, seminar, or similar service.

governmental purpose – or to an issue of state, national, or international public policy – in connection with an event at which you give a speech, participate in a panel or seminar or provide a similar service. Lodging and subsistence expenses in this case are limited to the day immediately preceding, the day of, and the day immediately following the speech, panel, or other similar service. (Section 89506(a)(1); Regulation 18950.1(a)(2).

Note that this exception is different than travel payments described earlier. Under the circumstances described in this paragraph, transportation within the United States is not subject to the gift limit but is reportable and can subject a public official to disqualification.

As discussed earlier, most local government employees are not required to report travel payments paid by a governmental agency in the course of employment. (Regulation 18950.3, effective March/April 2010.)

3. Travel not in connection with giving a speech, participating in a panel, or seminar or providing a similar service but which is reasonably related to a legislative or governmental purpose – or to an issue of state, national, or international public policy – and which is provided by:

- A government, governmental agency, foreign government, or government authority;
- A bona fide public or private educational institution defined in Section 203 of the California Revenue and Taxation Code;
- A non-profit organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code; or
- A foreign organization that substantially satisfies the requirements for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

(Section 89506(a)(2); Regulation 18950.1(b).)

# Loans

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Personal loans received by elected and appointed officials are subject to limits and other restrictions and, in some circumstances, a personal loan that is not being repaid or is being repaid below certain amounts may become a gift to the official who received it.

## **Limitations on Loans from Agency Officials, Consultants, and Contractors**

If you are an elected official or an official specified in Section 87200 (see footnote 2 on page 1), you may not receive a personal loan that exceeds \$250 at any given time from an officer, employee, member, or consultant of your government agency or an agency over which your agency exercises direction and control. (Section 87460(a) and (b).)

In addition, you may not receive a personal loan that exceeds \$250 at any given time from any individual or entity that has a contract with your government agency or an agency over which your agency exercises direction and control. This limitation does not apply to loans received from banks or other financial institutions, and retail or credit card transactions, made in the normal course of business on terms available to members of the public without regard to official status. (Section 87460(c) and (d).)

## **Loan Terms Applicable Only to Elected Officials**

In addition to the limitations above, if you are an elected official, you may not receive a personal loan of \$500 or more unless the loan is made in writing and clearly states the terms of the loan. The loan document must include the names of the parties to the loan agreement, as well as the date, amount, interest rate, and term of the loan. The loan document must also include the date or dates when payments are due and the amount of the payments. (Section 87461.)

## **The following loans are not subject to these limits and documentation requirements:**

1. Loans received by an elected officer's or candidate's campaign committee.
2. Loans received from your 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 unless he or she is acting as an agent or intermediary for another person not covered by this exemption.
3. Loans made, or offered in writing, prior to January 1, 1998. (Sections 87460 and 87461.)

## **Loans as Gifts**

Under the following circumstances, a personal loan received by any public official (elected and other officials specified in Section 87200, as well as any other local government official or employee required to file statements of economic interests) may become a gift and subject to gift reporting and limitations:

1. If the loan has a defined date or dates for repayment and has not been repaid, the loan will become a gift 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, the loan will become a gift if it remains unpaid when one year has elapsed from the later of:
  - The date the loan was made;
  - The date the last payment of \$100 or more was made on the loan; or
  - The date upon which the official has made payments aggregating to less than \$250 during the previous 12 months. (Section 87462.)

The following loans will not become gifts to an official:

1. A loan made to an elected officer's or candidate's campaign committee. This loan would, however, be a campaign contribution. Consult the FPPC campaign manual for local candidates (Manual 2) for more details.
2. A loan described above on which the creditor has taken reasonable action to collect the balance due.
3. A loan described above on which the creditor, based on reasonable business considerations, has not undertaken collection action. (However, except in a criminal action, the creditor has the burden of proving that the decision not to take collection action was based on reasonable business considerations.)
4. A loan made to an official who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.
5. A loan that would not be considered a gift as outlined earlier in this fact sheet (e.g., loans from certain family members). (Section 87462.)

**CANDIDATE CONTROLLED COMMITTEES  
NEW REQUIREMENTS FOR REPORTING EXPENDITURES  
FOR GIFTS, MEALS, AND TRAVEL**

The Political Reform Act<sup>1</sup> requires California state and local candidates and campaign committees to file periodic reports disclosing contributions received and expenditures made. Section 84211 requires expenditures of \$100 or more to be itemized on campaign reports, including a brief description of the consideration for which the payment was made. The Commission has created a group of codes for describing expenditures on Schedules E, F, and G of the Recipient Committee Campaign Statement (Form 460). The instructions page for Schedule E contains an explanation of the codes. Expenditures not accurately described by the existing codes must be explained in the "Description of Payment" column of Schedules E, F, and G.

Whether or not a code is used to explain an expenditure by a candidate controlled committee for a gift, meal, or travel, all itemized expenditures for gifts, meals, or travel must be further explained in the "Description of Payment" column of Schedules E, F, and G under new Regulation 18421.7.<sup>2</sup> (A copy of Regulation 18421.7 is available on the FPPC website at [www.fppc.ca.gov](http://www.fppc.ca.gov).)

**Additional Requirements for Committees Controlled by State and Local Candidates When Reporting Expenditures for Gifts, Meals, and Travel**

First, it is important to note that under the Act, all expenditures made from a committee's campaign funds must be *reasonably related* to a political, legislative, or governmental purpose. An expenditure must be *directly related* to a political, legislative, or governmental purpose if it confers a substantial personal benefit<sup>3</sup> on, or pays for the travel or accommodations of, the controlling candidate, elected officer, or an individual authorized to approve committee expenditures. An expenditure must also be directly related to a political, legislative, or governmental purpose if it is made for a personal gift.

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<sup>1</sup> 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 18110 through 18997 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.

<sup>2</sup> For purposes of electronic reporting, candidate controlled committees should utilize the "memo" field of the electronic Form 460 to provide the required description of expenditures for gifts, meals, and travel if the expenditures cannot be fully described within the character limitations of the "Description of Payment" column of Schedules E, F, and G.

<sup>3</sup> See Sections 89510-89519. "Substantial personal benefit" means a payment that results in a direct personal benefit of \$200 or more on the candidate, elected officer, or any individual with the authority to approve the expenditure of campaign funds. Detailed information about the permissible uses of campaign funds can be found in the campaign disclosure manuals for state candidates (Manual 1) and local candidates (Manual 2), available on the FPPC website ([www.fppc.ca.gov](http://www.fppc.ca.gov)).

Under Regulation 18421.7, a candidate controlled committee reporting an expenditure for a gift, a meal, or travel on its campaign statement must briefly describe the political, legislative, or governmental purpose for the expenditure. In addition, the committee must include the following information:

- **Gifts** – When reporting an itemized expenditure for a gift, the committee must provide the date of the gift and a description of the gift. If the gift was made to an individual recipient, the name of the recipient must be included. If a gift was made to a group of recipients, the name of each recipient who received a benefit of \$50 or more is required. When the recipient of a gift with a value of \$50 or more is not known at the time the payment is required to be reported, the committee must report that the gift was for an “undetermined recipient.” Once the gift has been given to the recipient, the campaign statement must be amended within 45 calendar days to disclose the name of the recipient.

*Examples:*

*Senator Wilson spends \$275 at Nordstrom to purchase sweaters as holiday gifts for three of her office staff. On Schedule E of her next campaign report (Form 460), she will itemize the \$275 payment to Nordstrom. In the Description of Payment column, the following would adequately describe the payment: “12/5/08 – Sweaters purchased as holiday gifts for office staff Mary Jensen (\$100), Linda Davis (\$100), and Richard Bailey (\$75).”*

*Richard Johnson, a candidate for County Board of Supervisors, purchased 50 watches for \$750 (\$15 each) from Target. He plans to give the watches to the first 50 individuals who purchase a ticket to his upcoming fundraiser. On Schedule E of his next campaign report, he will itemize the payment to Target. In the Description of Payment column, the following description could be used to describe the gifts: “9/12/08 – Watches purchased as gifts for campaign donors. No individual will receive a gift worth \$50 or more.”*

- **Meals** – When reporting an itemized expenditure for a meal (other than a meal reported as an itemized expenditure for travel, as discussed below), the committee must also provide the date of the meal, the number of individuals who were present at the meal, and whether the candidate, a member of his or her household, or an individual with authority to approve expenditures of campaign funds was present at the meal. It is not necessary to include the names of individual attendees on the report. However, the names of the attendees must be maintained in the committee’s records. (See “Additional Recordkeeping Required” below.)

*Examples:*

*Senator Brendan Myers had dinner with his campaign manager, who also has the authority to approve expenditures of campaign funds, to discuss his upcoming reelection campaign. The Senator put the dinner on a campaign credit card, which had not been paid by the end of the reporting period for the next campaign statement. On Schedule F, he will itemize the accrued expense naming both the credit card company and the restaurant. In the Description of Payment column, the following description would be sufficient: "9/1/08 – Dinner meeting regarding reelection campaign attended by campaign manager and candidate."*

*Robyn Forrester, a candidate for city council, paid a caterer to provide lunch for committee volunteers the day after her election. She stopped by the event to personally thank them, but did not eat lunch. On Schedule E, she will itemize the payment to the caterer. In the Description of Payment column, the following description could be used: "11/5/08 – Catered lunch for 20 campaign volunteers." The names of the volunteers who attended the lunch must be kept in the committee's records.*

- **Travel Payments** – When reporting an itemized expenditure for travel, including lodging and meals, the committee must also provide the date or dates of the travel, the destination, and the goods or services purchased. In addition, the description must include the number of individuals for whom the payment was made and whether the trip included the candidate, a member of his or her household, or an individual with the authority to approve expenditures of campaign funds. The names of individuals who traveled are not required to be disclosed on the report. However, the names of the travelers must be maintained in the committee's records. (See "Additional Recordkeeping Required" below.)

*Examples:*

*Mayor Wanda Nelson used campaign funds to travel to Austin, Texas to attend a three-day conference of federal, state, and local officials relating to emergency preparedness. Her registered domestic partner accompanied her. When reporting this payment she will itemize her expenditure to the hotel. In the Description of Payment column, she could use the following description: "10/1/08 – 10/3/08 – Accommodations for candidate and a member of candidate's household in Austin, Texas to attend emergency preparedness conference for government officials." Her domestic partner's name must be included in the committee's records.*

*Up for reelection, Senator Larson used campaign funds to pay for a flight from Sacramento to San Diego for a campaign event. When reporting the payment to the airline on Schedule E, he will itemize the expenditure to the airline. In the*

*Description of Payment column the following would sufficiently describe the expenditure: "8/1/08 and 8/3/08 – Round trip airfare to San Diego for candidate to attend campaign event."*

**Additional Recordkeeping for Committees Controlled by State and Local Candidates When Making Expenditures for Gifts, Meals, and Travel**

In addition to the recordkeeping requirements applicable to all committees, a candidate controlled committee must keep a dated memorandum or some other form of dated written record containing all of the required information described above. In addition, although names are not required to be disclosed on the campaign statement for meals and travel, the name of an individual must be maintained in the committee's records if campaign funds are used to purchase a meal or travel for the individual.

**QUESTIONS AND ANSWERS**

1. When do the new reporting and recordkeeping requirements go into effect?

A. July 1, 2008.

2. Do these new requirements apply to the semiannual statement due July 31, 2008, covering the period through June 30, 2008?

A. No. The requirements apply only to expenditures made on or after July 1, 2008.

3. Do the new reporting and recordkeeping rules apply to committees other than committees controlled by a candidate or officeholder?

A. No.

4. Do the new rules apply to ballot measure committees controlled by a candidate or officeholder?

A. Yes. The new rules apply to any committee that is controlled by a candidate or officeholder, including election committees, officeholder committees, legal defense funds, recall committees, and ballot measure committees.

5. Who is considered a member of a candidate or officeholder's household?

A. The term "household" includes the candidate or elected officeholder and his/her spouse or registered domestic partner, dependent children, and parents who reside with the candidate or elected officeholder.

6. Is it permissible to purchase gifts from campaign funds?

A. Campaign funds may be used to purchase a gift only if the payment is *directly related* to a political, legislative, or governmental purpose. Detailed information on the permissible uses of campaign funds can be found in the Commission's campaign manuals for state candidates and officeholders (Manual 1) and local candidates and officeholders (Manual 2).

7. Do the new reporting and recordkeeping requirements apply to an expenditure for meals provided during the course of a fundraising event at which a per plate contribution is required?

A. Yes. The new rules apply to meals provided at a fundraising event even if a per plate contribution is required. Note that the name of any attendee receiving a meal at the event must be maintained in the committee's records.

8. Do the new reporting and recordkeeping requirements apply to an expenditure for complimentary appetizers provided at a fundraising event at which a contribution is required to attend?

A. No. If attendees are served only complimentary appetizers, the expenditure for the appetizers is not an expenditure for a meal. Moreover, the expenditure for appetizers served at an event at which a contribution is required to attend is not an expenditure for a gift. Accordingly, the committee may report the expenditure for the appetizers as an expenditure for a fundraising event (Code FND) with no further explanation.

9. When reporting multiple expenditures to different vendors for a single gift, meal, or trip during the same reporting period, is it necessary to provide a full explanation for each expenditure?

A. If the detailed description provided for an expenditure fully explains a subsequent expenditure for the same gift, meal, or trip, a full explanation of the subsequent expenditure is not necessary so long as the description provided for the subsequent expenditure clearly identifies the previous expenditure.