

Form 700: Statement of Economic Interests

**November 16, 2017
10:00am-11:00am**



FOUNDED 1955

INSTITUTE FOR
LOCAL GOVERNMENT

Speakers

Deborah Hanephin, Fair Political Practices Commission

Gary Winuk, Kaufman Legal Group

Moderator

**Melissa Kuehne, Communications and Development Manager,
Institute for Local Government**

**Thank you to the FPPC and ILG Partner
Kaufman Legal Group for making this webinar
possible!**

How to ask a question during the webinar

- **Please type your questions into the question box at any time during the webinar.**
- **We will read your questions during the question period at the end of the webinar.**



The Institute for Local Government

**ILG is the non-profit
training and education
affiliate of**



**California Special
Districts Association**
Districts Stronger Together



ILG Mission

- Promoting good government at the local level
- Practical, impartial and easy-to-use materials

Form 700: Statement of Economic Interests Reporting Gifts



PRESENTED BY

DEBORAH HANEPHIN

EXTERNAL AFFAIRS AND EDUCATION DIVISION

FAIR POLITICAL PRACTICES COMMISSION

Purpose of Disclosure

§ 87100: No public official or employee shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows he has a financial interest.

~As a result~

The Political Reform Act requires most state and local government officials and employees to publicly disclose certain personal assets and income.

Disclosure helps ensure that submitting officials are forced to think through potential interested, provides information to government agencies seeking to avoid conflicts and enlightens the public.

Statements of Economic Interests Disclosure Provisions

Two types of filers

Political Reform Act

Gov. Code § 87200 (“Statutory Filers”)

Conflict of Interest Code

Designated Employees (“Code Filers”)

Statutory Filers

Who: Specified state, county and city officials in Government Code § 87200 and those who manage public investments.

Why: Positions are listed in the Political Reform Act because they are most likely to be involved in the making of government decisions.

Those who manage public investments are held to a higher standard.

Code Filers

Who: Any officer, employee, member or consultant of an agency designated in a Conflict of Interest Code.

Why: They are in positions that make or participate in making decisions that may affect that individual's financial interests, but are not named in § 87200.

A proper conflict of interest code strikes a balance between the need for impartial decision making and an official's privacy interests. The code is properly drafted when it requires officials to report only those interests that may give rise to a conflict.

Full Disclosure vs. Limited Disclosure

STATUTORY FILERS

full disclosure of:

- Investments
- Business Positions
- Real Property
- Income

Set forth in Government Code §87202

CODE FILERS

limited disclosure of one or more of:

- Investments
- Business Positions
- Real Property
- Income

Disclosure categories for each position are set forth in each agency's own conflict of interest code.

Know Your Jurisdiction

- You only have to report investments and business positions in business entities, real property and income from sources that are located or doing business in your agency's jurisdiction.
- An entity is doing business in the jurisdiction if it has business contacts on a regular or substantial basis with a person in the jurisdiction.

IMPORTANT: Gifts are reportable regardless of the location of the donor. A state agency official with full disclosure must report gifts from sources outside of California. Designated employees/code filers should consult their disclosure categories to determine if the source of a gift is of the type that must be disclosed.

Reporting Gifts

- **Gift Overview**

- A gift is something whose value is greater than the consideration provided by the official.
- The threshold for gift reporting is \$50.
- **The gift limit for 2017/2018 is \$470**
- Gifts from lobbyists or lobbying firms are limited to \$10/month.

- **Use Schedule D if...**

- You received a gift or gifts from a reportable source per your conflict of interest code, and
- The fair market value of the gift or gifts was \$50 or more, in the aggregate.

Got a gift question? Send it to advice@fppc.ca.gov

CALIFORNIA FORM 700
 FAIR POLITICAL PRACTICES COMMISSION
 Name
PAT CLARK

SCHEDULE D
Income – Gifts

▶ NAME OF SOURCE (Not an Acronym)	▶ NAME OF SOURCE (Not an Acronym)																								
OLGA SAHAT <small>ADDRESS (Business Address Acceptable)</small> 5693 VALLONIA ST, SACRAMENTO, CA <small>BUSINESS ACTIVITY, IF ANY, OF SOURCE</small> ELECTRICAL ENGINEER	CRANSTON SOFTWARE CO. <small>ADDRESS (Business Address Acceptable)</small> 7671 OAK LAKE DR, SACRAMENTO, CA <small>BUSINESS ACTIVITY, IF ANY, OF SOURCE</small> FINANCIAL SOFTWARE DEVELOPER																								
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Schedule D

Reportable Interests

- Tickets and passes
- Rebates and discounts
- Food and beverages
- Travel (transportation, lodging, etc.)
- Wedding gifts (from a reportable source, not subject to gift limit, but subject to \$10 lobbyist/lobbying firm gift limit for state officials)
- Honoraria received before you took office
- Forgiveness of a loan

Non-Reportable Interests*

- Gifts of similar value exchanged on birthdays, holidays, etc.
- Gifts that were not used and were returned within 30 days
- Unused tickets or passes
- Informational material to help you in your work
- Nominal items available to everyone at an event where you speak
- Plaques or trophies valued at \$250 or less
- 2 tickets to a campaign or non-profit fundraiser
- Campaign contributions
- Bereavement offerings
- Disaster relief
- Emergency leave credits
- Gifts made due to an existing personal relationship so long as the source is not trying to influence you

*In many cases, the gifts noted above are exceptions to the gift limits and/or prohibition. These exceptions do NOT apply to gifts from lobbyists.

Completing Schedule D

- Provide the name of the source of the gift.
- Enter the business address of the source, including city and state.
- Describe the business activity of the source.
- Provide the date the gift was given.
- Indicate the fair market value of the gift.
- Provide a brief description of the gift(s) from that source.

SCHEDULE D
Income – Gifts

▶ NAME OF SOURCE *(Not an Acronym)*
OLGA SAHAT

ADDRESS *(Business Address Acceptable)*
5693 VALLONIA ST, SACRAMENTO, CA

BUSINESS ACTIVITY, IF ANY, OF SOURCE
ELECTRICAL ENGINEER

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
02 / 12 / XX	\$ 20	LUNCH
04 / 27 / XX	\$ 35	FRUIT BASKET
____ / ____ / ____	\$ _____	_____

Schedule D: Excel Format

Schedule D Income - Gifts

CALIFORNIA FORM 700
FAIR POLITICAL PRACTICES COMMISSION

Name
PAT CLARK

NAME OF SOURCE	ADDRESS OF SOURCE <i>(Business Address Acceptable)</i>	BUSINESS ACTIVITY, IF ANY, OF SOURCE	DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
OLGA SAHAT	5693 VALLONIA ST, SACRAMENTO CA	ELECTRICAL ENGINEER	02/12/XX	\$ 20.00	LUNCH
OLGA SAHAT	5694 VALLONIA ST, SACRAMENTO CA	ELECTRICAL ENGINEER	04/27/XX	\$ 35.00	FRUIT BASKET
CRANSTON SOFTWARE CO.	7671 OAK LAKE DR, SACRAMENTO, CA	FINANCIAL SOFTWARE DEVELOPER	03/05/XX	\$ 425.00	SOFTWARE
HEARST TELEVISION INC.	1246 MAIN ST, TALLAHASSEE, FL	RADIO STATION	08/03/XX	\$ 240.00	NBA TICKETS
ERNST & YOUNG	8565 MADISON AVE, SACRAMENTO, CA	ACCOUNTING FIRM	07/15/XX	\$ 300.00	GIFT CARDS
ERNST & YOUNG	8566 MADISON AVE, SACRAMENTO, CA	ACCOUNTING FIRM	12/24/XX	\$ 150.00	LUNCH & DINNER

When to File Form 700

- Annual statements for 2017 are due by April 2, 2018.
- Assuming office statements are due within 30 days of starting your job.
- Leaving office statements are due within 30 days of the date that you stop performing duties for your agency.

IMPORTANT: The law does not provide for extensions on filing deadlines. Late statements may be subject to fines.

Gift and Travel Resources

www.fppc.ca.gov

The screenshot shows the homepage of the California Fair Political Practices Commission (FPPC). The header includes the FPPC logo and navigation links: About FPPC, The Law, Learn, Advice, Enforcement, Transparency Portal, and Media Center. A large banner features the text "Integrity & Transparency" and a description of the FPPC's role. Below the banner, there are three buttons: "File a Form 700" (highlighted with a red box), "File a Complaint", and "View All Forms". The main content area is divided into "I Want To..." and "Resources For..." sections, each with several links and icons.

www.fppc.ca.gov/Form700.html

The screenshot shows the "Form 700" page on the FPPC website. The header is identical to the homepage. The main content area is titled "Form 700" and includes a sidebar with navigation links: About FPPC, The Law, Learn, Advice, Enforcement, Transparency Portal, and Media Center. The main text area is titled "Statements of Economic Interests - Form 700" and contains a paragraph explaining the requirement to file a Statement of Economic Interests. Below this, there are two numbered points: 1. It provides necessary information to the public about an official's personal financial interests to ensure that officials are making decisions in the best interest of the public and not enhancing their personal finances. 2. It serves as a reminder to the public official of potential conflicts of interest so the official can abstain from making or participating in governmental decisions that are deemed conflicts of interest. To the right of the main text, there are three boxes: "View Form 700 Filed by Public Officials" with a "Search Form 700s" button, "File Electronically" with an "Access Log On Page Here" button, and "Are You A Filing Officer?" with a "Filing Officer Guidance" button. At the bottom, there is a section titled "Filing a Form 700" with a paragraph explaining the FPPC's role in answering questions and a "Form 700" section with a list of resources: Form 700 (Use Through Dec. 31, 2017), Reference Pamphlet (Explains Reporting Requirements), Form 700 - Excel Format, and Form 700 Disclosure FAQs. A red arrow points from the "Form 700" button on the homepage to this page.

Gifts Part Two

PRESENTED BY

GARY WINUK

KAUFMAN LEGAL GROUP



Gifts

What is a Gift?

Any payment (or benefit) that confers a personal benefit for which an official does not provide goods or services of equal or greater value

Includes a **rebate or discount** in the price of goods or services not available to general public

Exceptions to the Definition of Gift

Gifts that are **returned (unused) or donated** within 30 days to a charity or a government agency—(No tax deduction)

Gifts that are **reimbursed to the donor** within 30 days

Passes or tickets not used or not given to another person

Gifts From Family

Gifts from close family relatives

Something is not a gift or income when it is from a:

“former spouse”

“step-child”

“current or former” parent-in-law

“grand nephew”

“grand niece”

“grand aunt”

“grand uncle”

“first cousin once removed”

Spouses or former spouses of any listed

person, BUT NOT spouses of “former in-laws”

Home Hospitality

Gifts of in-home hospitality, including food and lodging when the host is present

Having Friends

Gifts exchanged on holidays, birthdays, or similar occasions. Includes food and drink at event (not applicable to lobbyists)

- Benefits commonly exchanged between an official and an individual who is not a lobbyist who is registered to lobby the official's agency, on a holiday, birthday, or other occasions

BFF reciprocal Exchanges made in a social relationship between an official and another individual, who is not a lobbyist who is registered to lobby the official's agency, with whom the official participates in repeated social events or activities such as lunches, dinners, rounds of golf, attendance at entertainment or sporting events

Long Term Friends - A payment provided to an official by an individual with whom the official has a long term, close personal friendship unrelated to the official's position with the agency.

Friend or Business Associates

Any other payment not identified above, that would otherwise meet the definition of gift, where the payment is made by an individual who is not a lobbyist registered to lobby the official's agency, where it is clear that the gift was made because of an existing personal or business relationship unrelated to the official's position and there is no evidence whatsoever at the time the gift is made that the official makes or participates in the type of governmental decisions that may have a reasonably foreseeable material financial effect on the individual who would otherwise be the source of the gift.

Dating

Bona-Fide Date or Dating Relationship

Performing Your Duties

Passes or tickets not used or not given to another person

Informational material that helps an official perform his or her job

Campaign contributions

Personalized plaques and trophies worth less than \$250

Tickets to campaign fundraisers and fundraisers for 501(c)(3) charitable organizations

Ceremonial Roles

Ceremonial Role

A ticket provided to an official and one guest of the official for his or her admission to a facility, event, show, or performance for an entertainment, amusement, recreational, or similar purpose at which the official performs a **ceremonial role** on behalf of his or her agency

- “Act performed at an event by the official as a representative of the official's agency at the request of the holder of the event or function where, for a period of time, the focus of the event is on the act performed by the official.”

Inheritance

A bequest or inheritance is an exception

Neighbors, Weddings and Funerals

Benefits received as a guest attending a **wedding** or civil union so long as the benefits are substantially the same as the benefits received by the other guests attending the event.

Bereavement offerings typically provided in memory of and concurrent with the passing of a spouse, parent, child, or sibling or other relative of the official.

Acts of Neighborliness.

Acts of Human Compassion. Payments provided to an official, or an official's family member, by an individual to offset family medical or living expenses that the official can no longer meet without private assistance because of an accident, illness, employment loss, death in the

Winning a Prize

A prize or award received in a manner not related to the official's status in a **bona fide contest**, competition, or game of chance.

More Gift Exceptions

Leave credits, including vacation, sick leave, or compensatory time off, donated to the official in accordance with a bona fide catastrophic or similar emergency leave program established by the official's employer and available to all employees in the same job classification or position except for donations of cash.

Payments received under a government agency program or a program established by a bona fide charitable organization exempt from taxation under *Section 501(c)(3) of the Internal Revenue Code* designed to provide **disaster relief** or food, shelter, or similar assistance to qualified recipients if the payments are available to members of the public without regard to official status.

Payments for **campaign activities** as specified in Regulation 18950.4.

Gifts of Travel

Reportable, Not Subject to Gift Limits: Any payments for actual transportation expenses and related lodging and subsistence that are made for a purpose reasonably related to:

- (1) A legislative or governmental purpose, or
- (2) An issue of state, national, or international policy so long as the travel is either:
 - (a.) In **connection with a speech** given by the official and the lodging and subsistence expenses are limited to the day immediately preceding, the day of, and the day immediately following the speech and the travel is within the United States, or
 - (b.) **Provided by a government agency or authority**, (including a foreign government), a bona fide public or private educational institution as defined in Section 203 of the Revenue and Taxation Code, or a nonprofit organization that qualifies under Section 501(c)(3) of the Internal Revenue Code or a foreign organization that substantially satisfies the criteria of that section.

Practical Tips

Keep a Log

Remember Gifts Are Cumulative

Overall Policy is to Allow You to Perform Public Duties

Get Help

Questions?



Contact

- **Deborah Hanephin, Fair Political Practices Commission, (866) ASK-FPPC / (866) 275-3772, DHanephin@fppc.ca.gov**
- **Gary Winuk, Kaufman Legal Group, (916) 996-5455, gwinuk@kaufmanlegalgroup.com**

ILG's Ethics and Transparency Resources

AB 1234 Training

Understanding Public Service Ethics Laws

The Brown Act and Open Meetings

Good Governance Checklist



Visit www.ca-ilg.org
to find out more!

Join us for the last webinar in the ethics series!

- **Tips to Promote an Ethical and Transparent Culture (December 5th, 2pm)**

Find out more here:

www.ca-ilg.org/post/upcoming-ilg-webinars

Thank You!

**And thank you to the FPPC and ILG Partner
Kaufman Legal Group**

**The webinar recording and PowerPoint slides
will be available on ILG's website shortly.**

**If you have additional questions please
contact Melissa at mkuehne@ca-ilg.org**