

**City Ethics Commission**

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## **GIFT RESTRICTIONS & DISCLOSURE REQUIREMENTS FOR CITY OFFICIALS**

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This summary of state and City gift laws was prepared for Los Angeles City officials, that is, all City officers, appointees or employees required by their agency's conflict of interest code to file statements of economic interests.

It is important for City officials to be familiar with these laws because accepting a prohibited gift may subject an official to penalties and may require the City to void contracts if a conflict of interest has occurred. For more information, contact the City Ethics Commission at (213) 978-1960.

## What is a “Gift”?

A “gift” is anything of value that you receive for which you do not provide monetary or other consideration of equal or greater value. A gift may include meals, tickets to sporting events, and rebates or discounts in the price of anything of value unless the rebate or discount is made in the regular course of business to any member of the public without regard to official status. Any official who claims that he or she did not receive a gift because he or she provided consideration, has the burden of proving that the consideration is worth as much as or more than the item in question.

## Gift Restrictions for City Officials (*“High-Level” officials see next page*)

**You may never accept any gift given with the intent to influence you in the performance of your official duties.**

In addition, City officers, appointees, and employees who are required to file statements of economic interests may not accept a gift or combination of gifts *during the calendar year* from a single source with a total value that exceeds:

**\$340 if the gift is required to be reported on your statement of economic interests.** A gift is required to be reported if the donor is described as a source of income in your Disclosure Category (Schedule B) of your agency's Conflict of Interest Code. For a copy of your Disclosure Category, contact your agency's Filing Official or the City Ethics Commission. [Note: The state *may* increase this limit in January 2005.]

**\$25 from a registered lobbyist or lobbying firm that lobbies your agency.** Such a lobbyist or lobbying firm is a “restricted source.”

**\$100 from any *other* “restricted source.”** In addition to a lobbyist or lobbying firm that lobbies your agency, a restricted source for you is a person or entity that:

- ♦ does business or seeks to do business with your agency;
- ♦ has a matter involving a license, permit or other entitlement for use currently before you or had one pending during the past nine months;
- ♦ has attempted to influence you during the past year in any legislative or administrative action which would have benefitted him/her or his/her employer financially; or
- ♦ contracts with, or employs a registered lobbyist or lobbying firm that lobbies your agency.

You may never *solicit* a gift from any of the restricted sources described above.

## Examples

You are an official with the Department of Building and Safety. In January, a registered lobbyist who lobbies your agency sends you a fruit basket valued at \$25. You may accept the basket because its value does not exceed the applicable gift limit. In June, however, the same lobbyist offers to buy your lunch. You may not accept this meal because the limit from that donor is \$25 per calendar year, and you have already received a gift totaling that value for this year.

As an official with the Fire Department, your Disclosure Category requires you to disclose income you receive from persons or entities that manufacture fire equipment. The High Pressure Fire Hose Company sends you four Los Angeles Dodgers tickets with a fair market value of \$100. High Pressure is not a registered lobbying firm, does not employ or contract with a registered lobbyist, and does not have any business with the Fire Department currently or in the past year. You are therefore, allowed to accept the tickets because the gift does not exceed the applicable \$340 limit. You must report receipt of these tickets, the name, address, and business activity of the donor, the date of receipt, and the fair market value on your next statement of economic interests.

## Gift Restrictions for “High-Level” Officials

The City’s Governmental Ethics Ordinance designates some City officials as “High-Level Officials,” who are subject to more stringent gift restrictions. These officials, listed below, participate in decisions that affect the City as a whole. No High-Level official may accept any gift intended to influence his or her official duties. Furthermore, if you are a High-Level official, you may not accept a gift or combination of gifts *during the calendar year* from a single source with a total value that exceeds:

**\$340 if the source of gift is required to be reported on your statement of economic interests.** [Note: The state *may* increase this limit in January 2005.]

**\$25 from a registered lobbyist or lobbying firm that lobbies *any* City agency.** Registered lobbyists and lobbying firms are “restricted sources.”

**\$100 from any *other* “restricted source.”** In addition to a registered lobbyist or lobbying firm, a restricted source for you is a person or entity that:

- ♦ does, or seeks to do, business, with *any* City agency;
- ♦ has a matter involving a license, permit or other entitlement for use currently pending before you, your voting body, or the City Council or had pending during the past nine months;
- ♦ has attempted to influence you during the past year in any legislative or administrative action that would have benefited him/her or his/her employer financially; or
- ♦ contracts with, or employs a registered lobbyist or lobbying firm that lobbies *any* City agency.

You may not *solicit* a gift from any of the restricted sources described above.

### High Level City Officials

- ♦ **Any Elected Official.**
- ♦ **Mayor’s Office:** Chief of Staff; Assistant Chief of Staff; Deputy Mayor; Special Assistant for Legal Affairs, and any other staff member as designated by the Mayor.
- ♦ **City Attorneys’ Office:** Executive Assistant City Attorney; Chief Assistant City Attorney; Senior Counsel, and any other staff member as designated by the City Attorney.
- ♦ **City Controller’s Office:** Chief Deputy Controller; Administrative Coordinator, and any other staff member as designated by the City Controller.
- ♦ **City Council Offices:** Two members of the staff possessing the most decision-making responsibility relative to governmental policy as designated by each City Councilmember, and any other staff member as designated by the Councilmember.
- ♦ **Others:** The Director of the Office of Administrative and Research Services and each Assistant; the Chief Legislative Analyst; Assistant Chief Legislative Analyst; the Treasurer; City Clerk; City Ethics Commissioners and their Executive Officer; Planning Commissioners and the Director of Planning; and the Members of the Public Works Board.

## Gifts of Travel are Restricted for All City Officials

Generally, you may not accept reimbursement for travel and related expenses from sources other than the City of Los Angeles if traveling on official duty. Some exceptions apply, and your agency should contact the Office of the City Attorney for advice about how to proceed if such travel is offered.

Travel that is offered to you as a gift is subject to the gift limits - - even if offered to you as a *personal* gift outside the scope of your official duties. Again, exceptions *may* apply, and you should contact the Office of the City Attorney or the City Ethics Commission for advice. Pursuant to City law, however, **you may never accept travel paid by a “restricted source”** (please see “Gift Restrictions” to determine who is a “restricted source”). **Travel paid by your employer as part of your job and travel paid by another local, state, federal or foreign government is not restricted.**

## A Note About Wedding Gifts

Wedding gifts given to you and your spouse from any source valued at less than \$100 are exempt from gift restrictions. However, such gifts valued at \$100 or more from a restricted source are prohibited (please see “Gift Restrictions” to determine who is a “restricted source”). Pursuant to state regulations, wedding gifts given to an official and spouse are considered gifts to both equally. The official, therefore, is deemed to receive and report only one-half of the value of the gifts. If the gift is specifically and unequivocally intended exclusively for the use or enjoyment by one spouse, however, then the full value of the gift is attributable to that spouse. For example, if the gift is a set of golf clubs and only your spouse plays golf, and you have no intention of taking up the game, then you need not disclose the gift of golf clubs because the gift is specifically and unequivocally intended for exclusive use by your spouse.

## Checklist for Accepting Gifts



**Know the donor of the gift and the gift’s fair market value.** You will need this information to determine if you may accept the gift and to report receipt of the gift on your statement of economic interests. If the exact amount of a gift is unknown, you must make a good faith estimate of the item’s fair market value.



**Review your agency’s “In-House” policy.** Verify that receipt of the gift does not violate your agency’s policy.



**Check “Exceptions to the Gift Limits” on page 5.** If the gift is exempted from the gift restrictions, you may accept it and need only report receipt on your next statement of economic interests if so directed on the “Exceptions” list.



**If the gift is valued at more than \$340:** You are prohibited by state law from accepting this gift IF the gift is from a person or entity that you are required to disclose on your statement of economic interests.



**Determine if the donor is a registered lobbyist or lobbying firm.** Lobbyists and lobbying firms are restricted sources. If you are unsure, ask the donor, call the City Ethics Commission or visit the Commission’s Web site for a current list of registered lobbyists and lobbying firms. You may accept no more than a total of \$25 in gifts during a calendar year from a registered lobbyist or lobbying firm that lobbies *your* agency - - or *any* City agency if you are a High-Level official.



**Review the “Gift Restrictions” section to determine if the donor is any *other* type of restricted source.** You may accept no more than a total of \$100 in gifts during a calendar year from any person or entity that is one of the other types of restricted sources. If the gift or combination of gifts is valued at \$50 or more, you will need to report receipt on your next statement of economic interests.



**Keep track of the gifts you receive so that you do not exceed the gift limits.** For example, if you received two \$40 dinners in April from a single restricted source, you may only accept a gift valued at a total of \$20 or less during the rest of the calendar year from that same source. Use the gift log on the back page to help you keep track. You will also need this information to accurately complete your next statement of economic interests.

## Exceptions to the Gift Limits

Items listed below are not subject to City or state gift limitations, and, if received, need not be disclosed on your statement of economic interests, except where noted.

- ◆ Gifts not used and returned or donated to charity or the City without being claimed as a tax deduction within 30 days of acceptance.
- ◆ Tickets to a fundraising event for a non-profit organization that is tax exempt under IRC Section 501(c)(3), or to a political fundraising event.
- ◆ Gifts from family members (spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother or sister-in-law, nephew, niece, aunt, uncle, first cousin, or the spouse of any of these persons) or a partner in a bona fide dating relationship as long as they are not acting as intermediaries for restricted sources.
- ◆ Gifts to you or an immediate family member in connection with a non-recurring ceremonial event (e.g., wedding, bar mitzvah) valued at no more than \$100. In addition, such gifts valued at \$50 or more may be reportable. Receipt of these gifts valued at more than \$100 are prohibited if offered by a restricted source.
- ◆ Informational material such as books, reports, pamphlets, calendars, seminars, or informational conferences exclusively for official or office use and valued at less than \$250. (Note: travel is never informational material.)
- ◆ Items received from your union; food and beverage from another union if you are a member of a union.
- ◆ Personalized plaques and trophies valued at less than \$250.
- ◆ Meals and lodging offered in an individual's home.
- ◆ Meals provided at an event at which you speak, participate in a seminar, or provide a similar service.
- ◆ Meals paid for by a local, state, federal, or foreign governmental agency.
- ◆ Inheritances and bequests. (An inherited investment or interest in real property, however, may be required by state law to be disclosed on your statement of economic interests.)
- ◆ Gifts to non-elected City officials for legal expenses related to an enforcement action brought under City or state ethics laws. If received, such gifts valued at \$50 or more must be reported on your statement of economic interests.
- ◆ ***Exception for Harbor and Airport Officials Only:*** The limit on gifts from "restricted sources" as described on page 2, does not apply to "foreign gifts" you receive when you are acting on behalf of your agency. However, such gifts must be publicly disclosed to the City Ethics Commission within 30 days after receipt. You may not *solicit* a gift from these sources. Call the City Ethics Commission for information at (213) 978-1960.

### ***Gifts to the City of Los Angeles***

A gift (including travel payments) *may* be deemed a gift to a City agency *in some circumstances* rather than a gift to an individual City official. A gift to a City agency is not subject to the gift limits, *only* if certain requirements are satisfied: the agency receives and controls the gift; the gift is used for official agency business; the agency - not the donor - has sole discretion to determine which specific officials will use the gift; and, the receipt of the gift is memorialized in a public record. (2 CCR Sec. 18944.2). For more information, please contact the City Ethics Commission at (213) 978-1960.

## Public Disclosure of Gifts

You must publicly disclose a gift you receive, the source of the gift, date received, and its fair market value if:

- ♦ the donor is a source described in your Disclosure Category (see Schedule B) of your agency’s Conflict of Interest Code; and
- ♦ the total value of all gifts you received from that source during the calendar year is at least \$50. If the exact dollar amount of a gift is unknown, you must report a good faith estimate of the item’s fair market value on your statement of economic interests. Reporting the value as “over \$50” or “value unknown” is not adequate disclosure.

Your public disclosure is made using a state Form 700 [and the City's CEC Form 11 if you are a board or commission member or the head of an agency; and CEC Form 10 for Elected officials and City Ethics Commissioners]. Completed forms are called “statements of economic interests.” You are required to file a statement of economic interests each April (elected officials, board and commission members, and heads of agencies are also required to file in October). Your agency has designated a “Filing Official” who processes the statements and forwards them to the City Ethics Commission. Your Filing Official can provide you with your Disclosure Category that describes the financial interests you are required to report, the proper form(s), instructions and deadline dates.

## Keep Track of the Gifts You Receive for the Calendar Year

You must observe the gift limits and publicly disclose gifts subject to the limits valued at \$50 or greater as outlined in this brochure. Remember, the gift limits are cumulative. Therefore, it is important that you keep track of gifts you receive throughout the year. For example, say you receive flowers valued at \$40 from a restricted source in May and a \$15 lunch from that same source in June. The gifts you received from this source are reportable because the reporting threshold of \$50 has been exceeded. By keeping track, you know that you cannot accept any other gift(s) from this source valued at more than \$45 for the remainder of the year because the gift limit for a restricted source is \$100 *per calendar year*. You may find it convenient to keep track by using this gift log.

Gift Log for Calendar Year 200\_\_

Donor’s Name & Address	Item Received	Date Received	Value of Item	Donor’s Cumulative-To-Date Total