

1 Repeal 2 Cal. Code Regs., Section 18702.1 to read:

2 **§ 18702.1. Materiality Standard: Financial Interests in Business Entities.**

3 ~~(a) The reasonably foreseeable financial effect of a governmental decision on a business~~
4 ~~entity in which an official has a financial interest identified in Section 87103(a) or (d) is material~~
5 ~~whenever the business entity:~~

6 ~~(1) Initiates the proceeding in which the governmental decision will be made by filing an~~
7 ~~application, claim, appeal, or request for other government action concerning the business entity;~~

8 ~~(2) Offers to make a sale of a service or a product to the official's agency;~~

9 ~~(3) Bids on or enters into a written contract with the official's agency;~~

10 ~~(4) Is the named manufacturer in a purchase order of any product purchased by the~~
11 ~~official's agency or the sales provider of any products to the official's agency that aggregates to~~
12 ~~\$1,000 or more in any 12-month period;~~

13 ~~(5) Applies for a permit, license, grant, tax credit, exception, variance, or other~~
14 ~~entitlement that the official's agency is authorized to issue;~~

15 ~~(6) Is the subject of any inspection, action, or proceeding subject to the regulatory~~
16 ~~authority of the official's agency; or~~

17 ~~(7) Is otherwise subject to an action taken by the official's agency, the effect of which is~~
18 ~~directed solely at the business entity in which the official has an interest.~~

19 ~~(8) Exception. Notwithstanding the above provisions, any financial effect on a business~~
20 ~~entity that occurs as a result of a travel payment made for food, lodging, transportation, or fuel,~~
21 ~~authorized by an agency in the course of carrying out an agency function, to a business entity~~
22 ~~that provides such services to the general public shall be treated under subdivision (b).~~

1 ~~(b) For a governmental decision not identified in subdivision (a), the financial effect is~~
2 ~~material if a prudent person with sufficient information would find it is reasonably foreseeable~~
3 ~~that the decision's financial effect would contribute to a change in the price of the business~~
4 ~~entity's publicly traded stock, or the value of a privately held business entity. Examples of~~
5 ~~decisions that may be applicable include those that:~~

6 ~~(1) Authorize, prohibit, regulate or otherwise establish conditions for an activity in which~~
7 ~~the business entity is engaged;~~

8 ~~(2) Increase or decrease the amount of competition in the field in which the business~~
9 ~~entity is engaged;~~

10 ~~(3) Increase or decrease the need for the products or services that the business entity~~
11 ~~supplies;~~

12 ~~(4) Make improvements in the surrounding neighborhood such as redevelopment~~
13 ~~projects, traffic/road improvements, or parking changes that may affect, either temporarily or~~
14 ~~permanently, the amount of business the business entity receives;~~

15 ~~(5) Decide the location of a major development, entertainment facility, or other project~~
16 ~~that would increase or decrease the amount of business the entity draws from the location of the~~
17 ~~project; or~~

18 ~~(6) Increase or decrease the tax burden, debt, or financial or legal liability of the business~~
19 ~~entity.~~

20 Note: Authority cited: Section 83112, Government Code. Reference: Sections 87100, 87102.5,
21 87102.6, 87102.8 and 87103, Government Code.