

1 Adopt 2 Cal. Code Regs., Section 18702.5 to read:

2 **§ 18702.5. Materiality Standard: Financial Interest in an Official's Personal Finances.**

3 (a) A governmental decision's reasonably foreseeable financial effect on a public
4 official's financial interest in his or her personal finances or those of immediate family, also
5 referred to as a "personal financial effect," is material if the decision:

6 (1) May result in the official or the official's immediate family member receiving a
7 financial benefit or loss of \$500 or more in any 12-month period due to the decision; or

8 (2) Is to appoint, hire, fire, promote, demote, suspend without pay, or otherwise take
9 disciplinary action with financial sanction against the official or his or her immediate family
10 member, or set a salary for the official or the immediate family member, which is different from
11 salaries paid to other employees of the agency in the same job classification or position, or when
12 the official or the immediate family member is the only individual in the job classification or
13 position.

14 (b) Notwithstanding subdivision (a), a personal financial effect is not material if the
15 decision would:

16 (1) Establish or change the salary, benefits, or retirement plan of the official or the
17 official's immediate family member, and the decision applies equally to all employees or retirees
18 in the same bargaining unit or other representative group.

19 (2) Result in the payment of any travel expenses incurred by the official or the official's
20 immediate family member while attending a meeting as an authorized representative of an
21 agency.

22 (3) Permit the official's use of any government property, including automobiles or other
23 modes of transportation, mobile communication devices, or other agency-provided equipment for

1 carrying out the official's duties, including any nominal, incidental, negligible, or
2 inconsequential personal use while on duty.

3 (4) Result in the official's receipt of any personal reward from the official's use of a
4 personal charge card or participation in any other membership rewards program, so long as the
5 reward is associated with the official's approved travel expenses and is no different from the
6 reward offered to the public.

7 (5) Appoint the official to be a member of any group or body created by law or formed by
8 the official's agency for a special purpose. However, if the official will receive a stipend for
9 attending meetings of the group or body aggregating \$500 or more in any 12-month period, the
10 effect on the official's personal finances is material unless the appointing body posts all of the
11 following on its website:

12 (A) A list of each appointed position and its term.

13 (B) The amount of the stipend for each appointed position.

14 (C) The name of the official who has been appointed to the position.

15 (D) The name of any official who has been appointed to be an alternate for the position.

16 (6) Appoint the official to be an officer of the governing body of which the official is
17 already a member, such as a decision to appoint a city councilmember to be the city's mayor.

18 (c) If the decision would have a reasonably foreseeable financial effect on the official's
19 financial interest in a business entity or real property, any related effect on the official's personal
20 finances is not considered separately. The financial effect on the business entity or real property
21 is analyzed only under the respective materiality standards in Regulations 18702.1 and 18702.2.

22 Note: Authority cited: Section 83112, Government Code. Reference: Sections 87100, 87102.5,
23 87102.6, 87102.8 and 87103, Government Code.