



STATE OF CALIFORNIA  
FAIR POLITICAL PRACTICES COMMISSION  
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# First Quarter Update 2025

Conflict of Interest, Revolving Door, and Statement of Economic Interests

## Regulations adopted by the Commission

The following are regulatory changes approved by the Commission during the past quarter concerning conflict of interest, revolving door, or statement of economic interests. To receive updates for all regulations before the Commission, please sign up for our [mailing list here](#).

**18720**, **Annual Statements of Economic Interests; 2025 Filing Date Extension, adopted 3/20/25**. New Regulation 18720 provides an extension of the 2024 annual Statement of Economic Interests filing deadline from April 1, 2025 to June 2, 2025, for filers impacted by the recent wildfires in Los Angeles County.

## Advice Letters

The following are advice letters issued by the Commission's Legal Division during the past quarter concerning questions about conflicts of interest, revolving door, or statement of economic interests. To receive the monthly report with all advice letters issued, please sign up for our [mailing list here](#)

### Conflict of Interest

#### **Michel J. Garcia**

**A-25-028**

Three council members have conflicts of interest in decisions involving a master plan and environmental impact report to transform a flood control canal into a linear park because it is reasonably foreseeable that the decisions will have a material financial effect on their real property interests, all located within 1,000 feet of the canal. However, the "public generally" exception allows one of the council members to take part in the decisions because the decision affects a significant segment of residential properties, and the official's residence will not be uniquely affected.

#### **Marilyn Vierra**

**I-25-029**

A public official receiving income from a family trust has an interest in property held in the trust. Accordingly, the official is prohibited from taking part in governmental decisions regarding a commercial property and battery energy storage facility that experienced a major fire adjacent to the official's property interest, absent clear and convincing evidence the governmental decision would have no measurable impact on the property.

#### **Mira Saleh**

**A-25-033**

Given the scope of the nature of decisions and physical barriers between the city-owned event center and a councilmember's residential real property located between 500 and 1,000 feet away,

it is not reasonably foreseeable that the decisions relating to professional event services management for the event center would affect the development potential, income-producing potential, highest and best use, character, or market value of the councilmember's residence. Accordingly, the council member does not have a conflict of interest under the Act and may take part in these decisions.

**Catherine C. Engberg**

[A-25-037](#)

An official with a personal residence just under 1,000 feet from an open space area does not have a disqualifying financial interest in decisions permitting low-intensity public access to the open space, including related parking lot along a main roadway, interior trails, and connections to regional trails. Because the residence is separated from the open space area by two residential blocks, does not have views of the area, is in a heavily wooded area, and would not be impacted by traffic, it is not reasonably foreseeable the decisions will have a material financial effect on the residence.

**Nicole McCance**

[A-24-095](#)

A city planning commissioner may participate in decisions regarding the second phase of a multiphase project so long as the decisions are properly segmented and the first phase decisions, involving a commercial development, are final and will not be reopened. Moreover, the commissioner is presumed not to have a disqualifying conflict of interest in the decisions and may take part in the decisions because the commissioner's property is more than 1,000 feet from the property subject to the decisions.

**Steven Graham Pacifico**

[A-25-012](#)

Councilmember is disqualified from decision regarding a proposed project to develop a vacant area into 51 single-family residential lots and associated open space/vineyards within 215 feet of the councilmember's residence. Under applicable regulations, it is reasonably foreseeable the decisions will have a material financial effect on the councilmember's interest in real property absent clear and convincing evidence the decisions would have no measurable impacts on the property.

**Samantha W. Zutler**

[I-24-147](#)

City councilmember would generally be disqualified from taking part in governmental decisions relating to a major development project, anticipated to include the construction of approximately 1,200 new residential units, because it is reasonably foreseeable that the project decisions would have a material financial effect on her residence located 800 feet away. However, because more than 50% of the jurisdiction's business properties are located within 1,000 feet of the project site and the official's residence would not be uniquely affected (based on the facts known at this time), the official is currently permitted to take part in project-related decisions under the "public generally exception."

**Stephanie Haffner**

[I-25-007](#)

The small shareholder exception applies to an investment interest valued at less than \$25,000 and equaling less than 1 percent of the entity's shares. If the exception applies, the official will not have a disqualifying interest in a decision solely because the interest is a named party or subject of the decision. The official will be disqualified from the decision only if it is reasonably foreseeable the decision will have a financial effect on the interest meeting the materiality

thresholds in Regulation 18702.1(a)(2), (3), or (4)(B). For an investment interest valued at over \$25,000, the official will have a disqualifying interest in a decision if the interest is a named party or subject of the decision or if it is reasonably foreseeable the decision will have a financial effect on the interest meeting the materiality thresholds in Regulation 18702.1(a)(2)-(4).

**Derek P. Cole**

**I-25-013**

Community service district board member will have a disqualifying financial interest and may not participate in decisions regarding the repeal, modification, or refund of a lighting and landscaping district assessment that applies to a board member's real property as it is reasonably foreseeable that the decisions will have a material financial effect on the board member's property interest. The board member will also have a disqualifying interest in board decisions regarding potential legal challenges relating to these decisions. In regard to related decisions involving similar measures, the decisions are inextricably interrelated because the decisions about the implementation or legal challenge to one measure would effectively determine the result for all measures. Therefore, if the official has a disqualifying interest in one measure's decision, the official is disqualified from taking part in the decisions for all of the measures.

**John C. Wu**

**A-25-016**

Travel payments or reimbursements from a foreign trade association for travel that include airfare to Taipei, transportation to hotel and venue, meals, and lodging for a mayor to attend a Smart City Summit & Expo would exceed the gift limit of \$630 from a single source in a calendar year, and no exception applies to this gift. The mayor may only accept the payments if they do not exceed \$630 in aggregate or if he reimburses any portion that exceeds the \$630 limit. The mayor will have a reporting duty for any gift of \$50 or more (aggregate) from the trade association in a calendar year. He will also be disqualified from decisions with a financial effect on the trade organization if the official has received gifts from the organization totaling \$630 or more within the 12 months before the decision.

**Olivia Clark**

**I-25-020**

As a general matter, absent any indication from the facts that a fee agreement (between a city and a tribe developing a casino project) to address a casino's use and impacts on the city's utilities and public services threatens the completion or continuing viability of the casino project, it does not appear reasonably foreseeable that the fee agreement would have a material financial effect on a council member's residential real property interest.

**Gabrielle Whelan**

**A-25-023**

A month-to-month tenancy does not meet the Act's definition of a real property interest subject to the conflict of interest rules. Based on the facts presented, a councilmember does not have a "financial interest" under the Act in decisions concerning the approval of three proposed development projects within 1,000 feet of his apartment. Further, there is no indication the decision would have a material effect on his personal finances.

**Richard D. Pio Roda**

**A-25-027**

An official with a real property interest between 500 and 1,000 feet from a road is not disqualified from taking part in decisions to reopen the road to traffic. Because the facts indicate that the property's accessibility is not dependent upon the road, and the property is insulated

from traffic or construction because of its interior location within its neighborhood and the significant difference in elevation between the road and the property, it is not foreseeable the decisions will have a material effect on the property.

## Section 1090

### **Scott E. Huber**

[A-24-043](#)

Section 1090 does not prohibit a town from providing funds through a first-time home buyer program to a recipient client, who will subsequently contract with a council member in the council member's private capacity to purchase or construct a home. While the council member took part in prior decisions establishing the first-time home buyer program, the council member has a noninterest in the loan between the town and the recipient. However, under the Act, the council member may not make, participate in making, or attempt to influence any decisions concerning loans to clients in which he has a source of income interest.

### **Ronald Kopf**

[A-25-021](#)

Section 1090 does not prohibit a utility district from entering into agreements to provide water and sewer services to a board member's private development project. The rule of necessity applies and allows the district to enter a contract providing these public services. However, the interested board member must abstain from any participation in his official capacity. Additionally, the official may not attempt to influence any decision of agency staff related to the project under the Act. Therefore, another representative of the board member's company must make any communications between the company and the district.

### **Pamela Galera**

[A-24-096](#)

The Act prohibits the city parks director from taking part in decisions to contract with a company when the director is in a dating relationship with the president of the company and has an interest in the company president as a source of gifts because it is reasonably foreseeable that the contract will have a material financial effect on the director's interest in a source of gifts. Upon marriage, the Act would similarly prohibit the director from taking part in the decision to contract with the company because it is reasonably foreseeable that the contract would have a material financial effect on the director's interest in the company as a source of income. Under Section 1090, as long as the director completely abstains from making or participating in the potential contract, Section 1090 would not prohibit the city from entering a contract with the company.

### **Susana Alcala Wood & DeeAnne M. Gillick**

[A-24-136](#)

For purposes of the Act, a public official who has lived in a house with her life partner since it was purchased and for more than a decade, has regularly paid half of the mortgage (along with her partner), and who is the sole beneficiary of a revocable trust, has an equitable interest in the real property greater than \$2,000. Accordingly, the official is prohibited from taking part in decisions regarding the large-scale industrial development of hundreds of undeveloped acres of property located within 1,000 feet from the property because it is reasonably foreseeable the decisions would have a material financial effect on the property interest.

**Jim Light**[A-24-145](#)

The noninterest exception under Section 1091.5(a)(8) applies to allow a councilmember to take part in contractual decisions concerning two nonprofit organizations where he and his spouse are non-compensated board members given their primary purposes support the functions of the City Council. Likewise, the councilmember is not prohibited from taking part in the decisions under the Act. As to a third nonprofit organization, which does not primarily support the functions of the City Council and for which his spouse is a non-compensated board member, the remote interest exception under Section 1091(b)(1) would apply to allow the City to enter into the contract so long as the councilmember's interest in the contract is disclosed to the City Council, noted in its official records, and he abstains from any participation in the making of the contract.

**David Griffith**[A-25-014](#)

Under Section 1090, a county supervisor has a financial interest in a contract with a restaurant owned by the supervisor. This financial interest generally prohibits the County from entering into contracts with the restaurant for the purchase of meals. However, the supervisor may wish to seek further advice to determine whether any exception exists allowing the County to enter into a contract with the restaurant once the specific contract has been identified.

**Nicholas R. Ghirelli**[A-25-005](#)

Under the Act, a city councilmember is not generally prohibited from taking part in decisions relating to a residential development project located more than 1,000 feet from her residence, where there is no clear and convincing evidence the decisions would substantially affect her property. Additionally, Section 1090 is not implicated where the official's only "interest" in a contract between an agency and developer is the official's real property located more than 1,000 feet from a proposed project development site.

**Aleks. R. Giragosian**[A-24-116](#)

Sanitary district director has a disqualifying financial interest under Section 1090 in a prospective contract in which the director's employer is a named subcontractor in the project. However, the director's financial interest is "remote" under Section 1091(b)(3) because: the district is located in a county with a population of less than 4,000,000; all contracts for professional engineering services are competitively bid; the director is not in a primary management capacity with her employer, is not an officer or director, and holds no ownership interest; the employer has more than 10 employees; the director did not directly participate in formulating her employer's bid; and the employer is a subcontractor for the prime contractor, which was the lowest responsive and responsible bidder. The district may contract with the prime contractor if the disqualified director properly recuses herself.

**Felicia Williams**[A-24-124](#)

Section 1090 prohibits a city from entering a contract with a former councilmember for financial consulting services related to public infrastructure investment in and around specified areas where the former councilmember participated in the making of the proposed City contract through her official actions while serving on the City Council.

**Tom Walker**[A-24-137](#)

Under the Act, newly elected county supervisor has a source of income interest in law firm, which contracts to provide county counsel services, resulting from spouse's employment with the firm. However, the supervisor is not prohibited from taking part in a budget decision regarding the allocation of funds to the firm for its preexisting contract when there is no discretion in making the allocation, because the decision is ministerial. Additionally, the annual budget decision regarding the County Counsel Office implicates only in-house employees and does not alter the flat monthly payment rate set for the firm's services. Accordingly, the firm is not explicitly involved in the annual budget decisions and there is no indication of a financial effect on the firm from the decisions. Therefore, the supervisor does not have a disqualifying interest in the annual budget decisions and may take part in the decisions. Outside of the annual budget decisions, the supervisor is generally disqualified from decisions regarding the contract with the firm under both the Act and Section 1090. However, to the extent that all the factors in Section 1091(b)(2) are met, the interest is "remote," and the County may make decisions regarding the contract so long as the supervisor properly abstains from the decisions.

**Michele Bagneris**

**[A-24-141](#)**

Section 1090 does not prohibit a councilmember from taking part in decisions concerning a potential contract involving a client of the councilmember's law firm because the noninterest exception under Section 1091.5(a)(10) would apply to allow him to participate in the decisions so long as neither he, nor his law firm, receives any "remuneration, consideration, or commission" as a result of the client's contract with the city. Furthermore, the Act does not prohibit him from taking part in decisions concerning the contract or the client's applications for land use permits because it is not reasonably foreseeable that those decisions would have a material financial effect on the councilmember's financial interest in his law firm as a business entity and source of income.

**Jesse Bullis**

**[A-24-143](#)**

An elected district healthcare board member does not have a disqualifying interest in his spouse's employment with the district and may participate in the final approval of a union contract under the noninterest exception in Section 1091.5(a)(6) because the spouse has been in the position for more than one year prior to the board member's election, the decision applies equally to all union employees in their classifications, and the decision does not change the status quo of the spouse's employment position. The board member does not have a disqualifying interest under the Act because the spouse's salary and benefits are not defined as "income" for purposes of the Act and it is not reasonably foreseeable that the decision would have a material effect on the official's personal finances as the decision does not alter the spouse's employment position or uniquely affect the spouse's salary.

**Joshua Nelson**

**[A-25-001](#)**

The Act prohibits the district general manager from taking part in a decision to contract with a company that employs the manager's spouse because the company is explicitly involved in the decision. Under applicable regulations, the manager has an interest in the company as a source of income and it is reasonably foreseeable that the financial effect of the decision on the company would be material. The manager also has a prohibitory financial interest under Section 1090 in any contract between the district and the company. However, so long as she completely abstains



from making or participating in the making of the potential contract, Section 1090 does not prohibit the district from entering the contract.

## Revolving Door

### **Serge Stanich**

[A-24-126](#)

The former state agency director of environmental services is not prohibited under the permanent ban from working for a private business on a project involving a connecting with a railway station. While the project will include a connection with a railway station and the official had previously participated in decisions involving the railway station, the project connecting to the station is a “new” proceeding involving different parties, a different subject matter, and different factual issues.

### **Hinnaneh Qazi**

[I-25-025](#)

The one-year ban prohibits a former Deputy Cabinet Secretary in the Governor’s Office from taking part in meetings and other communications with agencies under the Governor’s direction and control if the purpose of the communication is to influence legislative or administrative action. However, the former official can assist a client, colleague, or other individual in communicating with her former agency so long as she is not identified in connection with the communication.

## Statement of Economic Interest

### **Terri Robinson**

[A-24-146](#)

Under Regulation 18700(c)(2)(A)(iii), a committee of a state agency, which makes substantive recommendations that have been regularly approved without significant amendment or modification over an extended period of time, possesses decision-making authority and does not serve in a solely advisory capacity. Accordingly, the members of the committee are public officials. Their positions must be designated within the agency’s conflict of interest code, and the members must file statements of economic interest.

### **Katie Doerr**

[I-25-031](#)

A planning commissioner must report individual securities held in a third-party managed account because the “mutual fund exception” to reporting investments does not apply to an account if the securities are held directly by the investor rather than as part of a pooled fund, or if the investor can exclude investments in specific companies rather than just general categories of stocks.

## Commission Opinions

**None.**

## Enforcement Matters

The following are summaries of significant enforcement actions approved by the Commission in the past quarter involving violations of the Act's conflicts of interest, revolving door, or statement of economic interests. To receive a monthly report of all enforcement actions, please sign up for our [mailing list here](#).

### Conflict of Interest

**In the Matter of Lucia Gutierrez; FPPC No. 21/024.** Staff: Alex Rose, Senior Commission Counsel and George Aradi, Special Investigator. Lucia Gutierrez is a former member of the Newark Unified School District Board of Education. Gutierrez violated the Act by negotiating, participating in, and ultimately making an employment contract between the District and herself, in violation of Government Code Section 1090 (1 count). **Fine: \$4,500.**

### Statement of Economic Interests Late Filer

**In the Matter of Tamara Vides; FPPC No. 23/449.** Staff: James M. Lindsay, Chief of Enforcement and Shaina Elkin, Associate Governmental Program Analyst. Tamara Vides, as a member of the Public Agency Risk Sharing Authority, Central Coast Community Energy, CA Intergovernmental Risk Authority, and as Watsonville Assistant City Manager, failed to timely file the 2020 and 2022 Annual Statements of Economic Interest, in violation of Government Code Sections 87203 and 87302 (2 counts). **Fine: \$400 (Tier One).**

**In the Matter of Jeffrey Williams; FPPC No. 22/007.** Staff: Laura Columbel, Commission Counsel. Jeffrey Williams, a current governing board member for the Weed Rec and Parks District, failed to timely file an Assuming Office and the 2020, 2021, 2022, and 2023 Annual Statements of Economic Interests, in violation of Government Code Section 87300 (5 counts). **Fine: \$22,500.**

**In the Matter of Damian Morgan; FPPC No. 22/075.** Staff: Laura Columbel, Commission Counsel. Damian Morgan, a board member for Marin City Community Service's District, failed to timely file the 2019, 2020, and 2021 Annual and a Leaving Office Statements of Economic Interests, in violation of Government Code Section 87300 (4 counts). **Fine: \$16,000.**

**In the Matter of Cary Lambeth; FPPC No. 25/092.** Staff: James M. Lindsay, Chief of Enforcement, and Taylor Culberson, Staff Services Analyst. Cary Lambeth, Member of the Irvine Sports Committee with the City of Irvine, failed to timely file an Assuming Office and the 2023 Annual Statements of Economic Interests, in violation of Government Code Section 87300 (2 counts). **Fine: \$400 (Tier One).**

**In the Matter of David Tonna; FPPC No. 24/330.** Staff: Angela J. Brereton, Assistant Chief of Enforcement and Shaina Elkin, Associate Governmental Program Analyst. David Tonna, as a member of the Santa Clara County Assessment Appeals Officials Board II, failed to timely file the 2021, 2022, and 2023 Annual Statements of Economic Interests, in violation of Government Code Section 87300 (3 counts). Chief Discretion was used in this matter to exclude count 3 from receiving a penalty. **Fine: \$800 (Tier One).**



**In the Matter of Ashley Leon-Vazquez; FPPC No. 25/161.** Staff: Christopher B. Burton, Assistant Chief of Enforcement and Amber Rodriguez, Staff Services Analyst. Ashley Leon-Vazquez, a Commission Member for the California Commission on Disability Access, failed to timely file a 2023 Annual Statement of Economic Interests, in violation of Government Code Section 87300 (1 count). **Fine: \$200 (Tier One).**

**In the Matter of Anup Patel; FPPC No. 25/040.** Staff: Christopher B. Burton, Assistant Chief of Enforcement and Amber Rodriguez, Staff Services Analyst. Anup Patel, Treasurer for the City of Beaumont, failed to timely file a 2023 Annual Statement of Economic Interests, in violation of Government Code Section 87203 (1 count). **Fine: \$200 (Tier One).**

**In the Matter of Margo Wheeler; FPPC No. 25/162.** Staff: Christopher B. Burton, Assistant Chief of Enforcement and Amber Rodriguez, Staff Services Analyst. Margo Wheeler, a Planning Commissioner for the City of Seal Beach, failed to timely file a 2023 Annual Statement of Economic Interests, in violation of Government Code Section 87203 (1 count). **Fine: \$200 (Tier One).**

**In the Matter of Christopher Fink; FPPC No. 25/217.** Staff: Christopher B. Burton, Assistant Chief of Enforcement and Fela Williams, Staff Services Analyst. Christopher Fink, a Physician with the Santa Clara Valley Medical Center, failed to timely file a 2023 Annual Statement of Economic Interests, in violation of Government Code Section 87300 (1 count). **Fine: \$200 (Tier One).**

**In the Matter of Danthia Gil; FPPC No. 25/118.** Staff: Christopher B. Burton, Assistant Chief of Enforcement and Fela Williams, Staff Services Analyst. Danthia Gil, a Member of the Board of the Barona Indian Charter School, failed to timely file a 2022 Annual Statement of Economic Interests, in violation of Government Code Section 87300 (1 count). **Fine: \$200 (Tier One).**

## Legislation

### **AB 1029 (Valencia) – Disclosure of Digital Financial Assets (Cryptocurrency)**

**Coauthor:** Senator McNerney

**Short Summary:** AB 1029 would revise the definition of “investment” to include a “digital financial asset,” as defined, for purposes of disclosure on the Statement of Economic Interests (Form 700) and the conflict of interest provisions.

#### **Detailed Summary:**

##### *Existing law:*

- *Statement of Economic Interests:* Existing law requires every elected official and public employee who makes or influences governmental decisions to submit a Statement of Economic Interest (Form 700). Generally, filers must disclose their financial interests, including investments, income, and interests

in real property.

- *Conflicts of interest:* Existing law prohibits a public official from taking part in a government decision if it is reasonably foreseeable that the decision would have a material financial effect on one or more of the official's financial interests.
- *Definition of investment:* Under existing law, "investment" generally means any financial interest in, or security issued by, a business entity that is located in or does business in the jurisdiction that is worth \$2,000 or more. The FPPC Legal Division has previously determined that the existing definition of investment is too narrow to be interpreted to include cryptocurrency.
- *Definition of digital financial asset:* Under existing law in the Financial Code, "digital financial asset" is defined to mean a digital representation of value that is used as a medium of exchange, unit of account, or store of value, and that is not legal tender, whether or not denominated in legal tender, subject to certain exceptions.

*Investments:* AB 1029 would revise the definition of "investment" in the PRA to include a direct or indirect interest in a "digital financial asset," as defined in the Financial Code. The bill would also make conforming amendments in other sections in the PRA. As an investment under the PRA, digital financial assets would be subject to disclosure on the Form 700 in the same manner as other types of investments and could give rise to a conflict of interest if it was reasonably foreseeable that a government decision would have a material financial effect on the digital financial asset.

*Delayed operative date:* AB 1029 will become operative on January 1, 2027.

### **AB 1286 (Boerner) – Disclosure of Prospective Employment**

**Short Summary:** AB 1286 would require Statement of Economic Interests (Form 700) filers to disclose arrangements for prospective employment on their Form 700s.

#### **Detailed Summary:**

*Existing law:* Existing law prohibits a public official from making, participating in making, or using the public official's official position to influence, any governmental decision directly relating to any person with whom the public official is negotiating, or has any arrangement concerning, prospective employment.

*New disclosure on Form 700:* AB 1286 would require public officials to disclose an "arrangement for prospective employment," defined in the bill to mean "an agreement pursuant to which a prospective employer's offer of employment has been accepted by the prospective employee, including through verbal or written acceptance."

*Who must disclose:* AB 1286 would require public officials listed in Section 87200 to disclose this information and would require other public officials designated in their agencies' conflict of interest codes to disclose this information "if the position with the prospective employer is one that would be subject to disclosure [...]" as either of the following:

"(A) A source of income, if the filer had received income from that employer during the period covered by the statement.

"(B) A business position, if the filer had held that business position during the period covered by the statement."

*Content of disclosure:* Under AB 1286, filers required to disclose prospective employment must disclose (1) the date that the filer accepted the prospective employer's offer of employment, (2) the business position, (3) a general description of the business activity of the prospective employer, and (4) the name and street address of the prospective employer.

*Clarification in conflict of interest code requirements:* AB 1286 would clarify that conflict of interest codes must require disqualification when the conflict standard concerning prospective employment is met.

#### **AB 351 (McKinnor) – Section 84308; Contributions to Agency Officers**

**Short Summary:** AB 351 would increase the contribution limit in Section 84308 from \$500 to \$1,500 and would require that amount to be adjusted biennially.

#### **Detailed Summary:**

*Existing law:* Existing law prohibits certain contributions of more than \$500 to an officer of an agency by any party, participant, or agent in a proceeding while a proceeding involving a license, permit, or other entitlement for use is pending before the agency and for 12 months following the date a final decision is rendered in the proceeding, subject to specified exceptions. Existing law requires disclosure on the record of the proceeding of contributions above \$500 made within the preceding 12 months to an officer from a party or participant, or party's agent, and generally disqualifies an officer from participating in, or influencing, a decision if the officer has received an over-the-limit contribution during that time period.

*History and recent legislation:* Pursuant to legislation passed in 2024, the contribution limit described above was raised from \$250 to \$500, effective January 1, 2025. The original \$250 contribution limit was established in 1982, when the section was first added to the PRA.

*Raising the limit:* AB 351 would raise the contribution limit in the law described above from \$500 to \$1,500 and would require that amount to be adjusted by the FPPC each odd-number year to reflect any increase or decrease in the Consumer Price Index, beginning on January 1, 2027.

#### **SB 300 (Padilla) – Exception to the Conflict of Interest Prohibition**

**Short Summary:** SB 300 would create an exception to the conflict of interest prohibition for public officials who receive income from a nonprofit organization under certain conditions.

### **Detailed Summary:**

*Existing law:* Existing law prohibits a public official from taking part in a government decision if it is reasonably foreseeable that the decision would have a material financial effect on one or more of the official's financial interests.

*Exception to the conflict of interest prohibition:* SB 300 would provide that a public official does not have a disqualifying conflict of interest in a decision if the source of income is a nonprofit organization whose financial interest in a decision arises solely from an increase or decrease in membership dues.

*Note: Staff are seeking clarification on the intended effect of this bill.*

### **SB 401 (Hurtado) – State Employee Restriction on Business Ownership**

**Short Summary:** SB 401 would prohibit an employee of a state agency from owning or controlling a financial interest in any business entity that is subject to the regulatory authority of the state agency, or that does business with the state agency.

### **Detailed Summary:**

*Existing law:*

*Conflicts of interest:* The PRA generally prohibits a public official from making or influencing any government decision that could financially benefit the public official. Existing law specifically prohibits a public official from making, participating in making, or in any way attempting to use the public official's official position to influence a governmental decision in which the official knows or has reason to know the official has a financial interest.

*Disqualification:* For public officials listed in Section 87200, existing law provides specific procedures the official must follow to publicly identify any conflicts of interest and recuse themselves from discussing or voting on the matter, or from otherwise influencing the decision. For public officials listed in their agencies' conflict of interest code who have a conflict of interest, those officials are required to be disqualified and must follow the disqualification procedures set forth in the conflict of interest code.

*Conflicts in state contracts:* Existing law additionally prohibits a state administrative official from making, participating in making, or using the official's official position to influence any governmental decision directly relating to any contract where the party to the contract is a person with whom the official, or an immediate family member, has engaged in any business transaction on terms not available to members of the public, regarding any investment or interest in real property, or the rendering of goods or services totaling in value \$1,000 or more within 12 months prior to the time the official action is to be performed.

*Section 1090:* Existing law prohibits an officer, employee, or agency from participating in making government contracts in which the official or employee within the agency has a financial interest. Section 1090 applies to virtually all state and local officers, employees, and multimember bodies, whether elected or appointed, at both the state and local level.

*Prohibition on incompatible activities:* Existing law outside of the PRA prohibits a state officer or employee from engaging in any employment, activity, or enterprise which is clearly inconsistent, incompatible, in conflict with, or inimical to his or her duties as a state officer or employee. These incompatible activities include, among others:

Using the prestige or influence of the state or the appointing authority for the officer's or employee's private gain or advantage or the private gain of another.

Using state time, facilities, equipment, or supplies for private gain or advantage.

Using, or having access to, confidential information available by virtue of state employment for private gain or advantage or providing confidential information to persons to whom issuance of this information has not been authorized.

*New prohibition on state employees:* SB 401 would prohibit an employee of a state agency from owning or controlling a financial interest in any business entity that is subject to the regulatory authority of the state agency, or that does business with the state agency.

*Waiver:* SB 401 would authorize employees to request an exemption to the above from the head of the state agency and would authorize the head of an agency to approve such a request if both (1) ownership or control of the financial interest is otherwise consistent with the requirements of the PRA, and (2) the employee will not make, participate in making, or attempt to influence a governmental decision in which the employee has a financial interest. The bill would provide that the decision of the head of the agency is final, and the approval or denial of the waiver is a public record.

*FPPC:* The bill would require the FPPC to adopt regulations to implement the decision and provide advisory opinions on the meaning of this section upon request.