



What's New for 2014 - FPPC Revises Treatment of Travel Payments to Public Agencies

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A payment for a public official's travel will generally be a gift to the official under the Political Reform Act ("PRA"), subject to the annual \$440 gift limit¹, and reportable on the official's Statement of Economic Interests ("Form 700"). However, in some instances, travel payments from third parties to assist officials in conducting official agency business, such as attending site tours, are considered gifts to the agency and not the individual official. Travel payments that qualify as gifts to the agency are not subject to the \$440 gift limit and are not reportable by the official.

The Fair Political Practices Commission ("FPPC") recently clarified when a payment for an official's travel will be a gift to the agency. The FPPC also adopted a new disclosure schedule for public agencies that accept third party payments for travel by officials.

Third party payments for travel will be a gift to the agency and not be a gift to the official if all of the following apply:

- the payment is made directly to or coordinated with the government agency;
- the payment is used for official agency business;
- the government agency determines which official will make use of the payment;
- the payment provides no personal benefit to the official who makes use of the payment; and
- the payment is reported publicly by the government agency.

Official agency business includes:

Performance of a regulatory inspection or auditing function that the governmental employer is mandated to perform.

- The official provides training or educational information directly related to duties of the agency and for individuals who are affected by those laws administered by the agency.
- Attendance at an educational conference directly related to the governmental employer's functions or duties under the laws that it administers, and the official is a named presenter at the conference, and the payment is made by organizers of the event.
- Receipt of training directly related to the official's duties.
- Required travel to attend a location to view an in-place operation, structure, facility, or available product where the viewing would substantially enhance an official's knowledge and understanding in making an informed decision to enter into a contract regarding a similar operation, structure, facility or purchase of a product pursuant to the jurisdictional authority of the official's governmental employer.
- The regulatory amendments also specify that the official's travel can be no longer than necessary to conduct the agency business. Agencies that accept \$2,500 or more in travel payments in a calendar quarter must file a report with the FPPC on a form prescribed by the FPPC. If the agency has a website, a copy of the form must also be posted on the website in a prominent fashion. The form will disclose itemized information about the transportation, lodging, food, as well as information about the business activity, or the nature and interests of the donor. The form must be filed within 30 days at the end of each calendar quarter during which \$2,500 in travel payments are received.

Did You Know?

A public agency may accept tickets to entertainment and sporting events to distribute to its employees without resulting in gifts to those employees. When an official's agency provides an entertainment or sporting ticket or pass to a public official, in order for it not to be reported as a gift on the individual's statement of economic interests (Form 700), the agency must have adopted a written policy stating the public purpose for distribution of the tickets. The ticket or pass cannot be earmarked by the original source for use by a particular agency official. Acceptable public purposes include bolstering employee morale and promoting business activities within the agency's jurisdictions. The agency must determine, in its sole discretion, which official may use the ticket or pass. The agency must report tickets using Form 802.

¹ The annual gift limit adjusts biennially to match the Consumer Price Index.