

### An Exception:

Gifts from most family members and a person with whom an official has a bona fide dating relationship are not restricted and do not need to be reported under City law. Gifts from the following family members fall under this exception:

- a spouse;
- registered domestic partner;
- domestic partner's child;
- child;
- parent;
- grandparent;
- grandchild;
- brother;
- sister;
- aunt;
- uncle;
- niece;
- nephew; and a
- first cousin.

This exception does not apply, however, if a family member is acting as an agent or intermediary for another person who is the true source of a gift. Other limited exceptions may apply.

### Step 2: Determine the Gift's Value

Once the source of a gift has been identified, it is important to determine the value of the gift. This enables City officials to understand whether or not a gift from a source is permitted under the law. If the value falls within the applicable gift limit for that source, the gift is permitted. When determining whether a gift is permissible, it is important to remember that all gifts received from that source in the calendar year must be considered. However, please note that state law requires a specific method of valuation for certain types of events, tickets and passes, and plane tickets.

The easiest way to determine a gift's value is to ask the giver. If that is not possible, you may make a good faith estimate of the item's fair market value by reviewing the value of similar items at a store or on the Internet. Either way, the law requires you to make a good faith estimate to determine the value of any gift you may receive to ensure it is within applicable limits.

### Step 3: Disclose Reportable Gifts

For any gift from a source that is reportable, the official receiving a gift valued at \$50 or more must report that gift on his or her next Statement of Economic Interests. In addition, if a reportable gift is presented through an intermediary, or third party agent between an official and the true source of a gift, the recipient must disclose the name, address, and business activity of both the donor and the intermediary.

#### List of commonly reportable gifts:

- Tickets and passes to sporting or entertainment events;
- Tickets and passes to amusement parks;
- Food, beverages, and accommodations, including those provided in direct connection with your attendance at a convention, conference, meeting, or social event even if you gave a speech at the event;
- Rebates/discounts not made in the regular course of business to members of the public without regard to official status;
- Wedding gifts;
- Forgiveness of a loan; and
- Parking passes.

Please note that in some limited circumstances, an item of value a City official may receive may not be limited or disclosable because it is considered a "gift to a public agency." Generally, these can include items given to an agency that the agency determines who ultimately receives or uses them. Under state law, while those individuals do not have a reporting requirement, the agency has specific public disclosure requirements. Please contact the City Ethics Commission for more information on gifts to a public agency.

\*For a complete list of positions defined as "high-level officials," see the City's Governmental Ethics Ordinance [at Los Angeles Municipal Code section 49.5.2], which is also available on the Commission's website at [http://ethics.lacity.org/PDF/law\\_geo.pdf](http://ethics.lacity.org/PDF/law_geo.pdf)

\*\*Section 87200 of the state's Political Reform Act applies to elected officials, City Treasurer, City Administrative Officer, Citywide Planning Commissioners, Pension Board Members, and other City employees and consultants who manage public investments.



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**CITY ETHICS COMMISSION**

The City Ethics Commission is committed to helping City officials and employees understand their requirements under the law. For information about the City Ethics Commission, its programs, and/or the laws discussed on this brochure, please contact our office. For questions regarding state law, please contact the Office of the City Attorney at (213) 978-7100.

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**CITY ETHICS COMMISSION**

*...preserving the public trust.*

# Gift Limits and Restrictions For City Officials



## Gift Limits and Restrictions for City Officials

In Los Angeles, comprehensive state and City laws help ensure that all City decision-making is, and is perceived to be, fair and impartial. Gifts that are intended to influence City officials in their decision-making may never be accepted. Because even the most well-intentioned of gifts may create a conflict of interest for the official, or create an appearance of a conflict, public disclosure and gift limits can help preserve the public trust. Ethics laws help achieve this by limiting the value of gifts that public officials can receive from certain sources (and in some situations, by prohibiting their acceptance), and by requiring officials to publicly report gifts that meet a threshold amount.

**Under the law, a “gift” is anything a City official receives of value, provided consideration of equal or greater value has not been provided to the gift giver and can include discounts, rebates, and, in some cases, personal loans. Gifts to the official's spouse, registered domestic partner, and child may also be considered to be gifts to the official.**

To narrow down whether City and state ethics laws permit a gift or whether it is prohibited, City officials should consider a two-step process:

- 1) Identify his or her relationship to the source of the gift; then
- 2) Determine the gift's value.

### Step 1: Identify the Gift Source

#### The Ban on Gifts from Lobbyist or Lobbying Firms

Since the passage of Measure R by Los Angeles voters in 2006, lobbyists and lobbying firms may not give any gifts to officials they lobby. This means a high-level\* official may not receive a gift of any value from any registered lobbyist or lobbying firm. All other City officials may not accept a gift of any value from a lobbyist or lobbying firm that lobbies their agency.

A list of lobbyists and lobbying firms is regularly updated by the City Ethics Commission and can be found on our website's lobbying page at <http://ethics.lacity.org/lobby/lobby.cfm>. Gifts from these sources must either be declined or turned over to a charitable organization within thirty days, with no tax deduction benefit taken by the official.

#### Example:

*Jane Doe, a City official with the Bureau of Sanitation, is presented with a gift by a lobbyist that lobbies her Bureau. Since gifts from lobbyists are prohibited (regardless of their value), Jane has two options. She may either decline the gift or turn the gift over to a charitable organization within thirty days. If Jane decides to turn the gift over to a charitable organization, she may not take a tax deduction on the donation.*

#### Gifts from “Restricted Sources” Are Limited

City law limits a City official from accepting more than \$100 in gifts from any “restricted source” each calendar year. Please note that advances or reimbursements for travel from a restricted source are completely prohibited. Officials can determine whether a gift source is a restricted source by asking a series of questions:

- 1) Is the source doing or seeking to do business with my agency?
- 2) Is the source a business or entity that is required to register as a lobbying firm or lobbyist employer? If the source is an individual, is he or she required to register as a lobbyist?
- 3) Even if the answers to the questions in #2 are “no”, has the source attempted to influence me on any City matter?
- 4) Does the source have any matter involving a license, permit or other entitlement for use pending before me, or was there such a matter pending before me in the last nine months?

If the answer to any of those questions is yes, the source is considered a restricted source to you. For officials who are “high-level officials,”

however, restricted sources are defined to include any entity or individual engaging in the activities shown above at any City agency (not only their own). For more information, see LAMC sec. 49.5.2.

Total gifts from a restricted source must be kept within the \$100 annual gift limit. Anything over that amount must be declined or paid down so that the total from that source does not exceed the \$100 annual limit. Alternatively, an unused gift may be turned over to a charitable organization within thirty days with no tax deduction benefit taken by the official.

#### Example:

*Sally Mae, a City official with the Department of Cultural Affairs, is presented with a gift basket valued at \$120 by a consultant that submitted a Request for Proposal to her agency six months ago. Because the consultant is seeking to do business with Sally's agency, he or she is considered a restricted source to Sally. Sally, therefore, has three options. First, she may decline the gift since the value exceeds the restricted source gift limit. Second, provided she has not already accepted another gift from the consultant in the same calendar year, Sally may accept the \$120 gift basket only if she pays the consultant back the \$20 difference. Under this scenario, Sally should also document the transaction for reference and she must report the gift on her next Statement of Economic Interests because the gift is valued at more than \$50 (see Step 3: Disclosing Reportable Gifts). Third, as an alternative, Sally may give the unused gift basket to a charitable organization within thirty calendar days without taking a tax deduction benefit on the donation. In that case, Sally would have no disclosure requirement because she would not be considered to have received a gift under the law.*

#### Gifts from “Disclosable Sources of Income” Are Limited by State Law

Throughout California, a public official is limited under State law to accepting no more than \$420 in gifts per calendar year from any “disclosable source of income.” To determine whether a gift giver is a disclosable source of income, City officials should consult their department's Conflict of Interest (COI) Code. Required by state law, a COI Code identifies the positions in each department that make or participate in making governmental decisions. To help avoid

conflicts of financial interests, it also identifies the types of income sources that may cause such conflicts to those officials based on their duties and responsibilities. Officials are required to publicly disclose any income received from disclosable sources of income on periodic Statements of Economic Interests, also called Form 700. Copies of each department's COI Code can be obtained from the department's ethics liaison or on the City Ethics Commission's website at <http://ethics.lacity.org/govethics/coiindex.cfm>.

Total gifts from a disclosable source of income must be kept within the \$420 annual gift limit. Anything over that amount must be declined or can be paid down so that the total from that source does not exceed this annual limit. Alternatively, a gift may be turned over to a charitable organization within thirty days with no tax deduction benefit taken by the official. If you are an “87200 filer”\*\*, you may never accept a gift or a combination of gifts valued at over \$420 from anyone, unless an exception applies.

#### Example:

*Tom Jones, a City official with the Department of Transportation (DOT), receives a gift valued at \$300 from the owner of a taxi cab company in the City of Los Angeles. According to the DOT's Conflict of Interest Code, the company is a disclosable source of income to Tom, in which case the gift acceptance limit would ordinarily be \$420 for the calendar year. However, because this company has an operating permit from the DOT, it also falls under the definition of a restricted source to Tom, making the applicable gift limit \$100 for the calendar year. Consequently, Tom has three options. First, provided he has not accepted another gift from this company during the same calendar year, he may accept the gift and pay down the \$200 difference in excess his gift limit. If he accepts the gift, Tom must remember to report it on his next Statement of Economic Interests because it is valued at more than \$50 (see Step 3: Disclosing Reportable Gifts). Second, Tom may decline the gift to avoid any appearance of a conflict of interest. Third, Tom may turn the gift over to a charitable organization within thirty days without taking a tax deduction benefit on the donation.*