GIFTS, INFLUENCE, & POWER:

A Report on Gifts Given to California's Elected Officials

A Common Cause Study

December 2013

About Common Cause

With a 40-year track record, chapters in 35 states, and nearly 400,000 supporters and activists across the country, Common Cause is one of the nation's most effective grassroots advocacy organizations dedicated to reforming government and strengthening democracy in America.

As founder John Gardner put it, "Common Cause is about making political decision-makers accountable to their constituents." In that vein, the issue of ethics in government has been paramount. In states across the country, Common Cause has played a lead role in putting ethics reform issues in the spotlight, leading the fight to pass the federal Honest Leadership and Open Government Act and led the charge to create the Office of Congressional Ethics.

Author

Phillip Ung

Research & Editing

Taylor Fugere

Kyle Lefton

Jaron Raab

Table of Contents

Executive Summary

This report examines gifts provided and travel-related payments made to state elected officials from special interest groups and includes ethics reform recommendations to prohibit or limit many of these activities.

The report draws attention to the widespread practice of accepting expensive and highly influential gifts and behested payments from interest groups who have business before an elected official. Additionally, this report highlights the use of campaign funds to pay for lavish activities voters would not directly attribute as a campaign expense. In 2012, state elected officials received approximately $216,000 in gifts and travel payments including $41,000 in hotels and lodging; $30,000 for tickets to entertainment and sporting events; and over $100,000 for meals and receptions. Furthermore, state elected officials solicited or received $6.7 million in behested payments. Many of these activities exploit gaping loopholes in state law and regulations allowing payments to exceed gift limits, for lobbyists to work around the long standing prohibitions, and for officials to personally benefit from generous interest groups.

This report concludes with comprehensive recommendations the Legislature and Fair Political Practices Commission should enact in order to earn back the trust of voters and return dignity back to the California government.

- Expand the gift prohibition on lobbyist to include clients;
- Lower the gift limit for elected officials;
- Adopt comprehensive conflict of interest reforms and improve disclosure on behested payments;
- Adopt new restrictions on certain types of travel payments, and improve transparency on privately-funded travel payments;
- End the use of campaign slush funds to personally benefit elected officials.

Methodology

California Common Cause data was found by analyzing publicly available Form 700, Statement of Economic Interests (SEI). All elected officials and many public employees are required to file an SEI at the beginning of each new calendar year. Statement of Economic Interests describes, among other things, income, investments, real property, and gifts associated with the official for the *previous* calendar year. Under California law, only gifts received that exceed $50 need to be reported on SEIs. Public officials are required to report the source of the gift, a description, and a fair market value of the item. This report includes gift disclosures of elected officials who were elected in 2012. Elected officials who were termed out in 2012 are not included in the gift section of this report, but are included in our analysis of behested payments. SEIs are not filed electronically or in machine-readable formats. In order to do a full data analysis, California Common Cause manually inputted data into machine readable formats.

Modernizing Political Ethics Rules

When Californians adopted the Political Reform Act (Act) and created the Fair Political Practices Commission (FPPC) it was heralded as a major achievement to campaign finance and ethics reform. Since its adoption in 1974, the Act has been amended dozens of times through statute and ballot measures. The FPPC has adopted hundreds of regulations, opinions, and advice letters throughout its history to adapt to changing political environments, close loopholes, and interpret the law. In response, the regulated community which includes interest groups, elected officials, political parties, and lobbying entities have developed new workarounds to existing laws to take advantage of loopholes.

Despite having broad support among voters and no public opposition, legislative attempts at strengthening California's political ethics laws have gone nowhere. Each year reform bills are tucked away on Appropriations Committee suspense files or never brought to a vote. Recent legislative proposals have also taken a narrow approach to what is considered a broad and systemic problem facing public trust.

In 2011, the Fair Political Practices Commission adopted a series of new regulations to modernize the state's gift rules. The Commission adopted 21 new gift regulations that were met with mixed reviews by the public. Some regulations closed loopholes used by interest groups; other regulations resulted in new loopholes and other unintended consequences. The major takeaway from ethics observers were the limits to which the FPPC was able to act through rulemaking and that comprehensive public policy changes were needed to deal with ongoing ethics issues.

What Was Given?

Gift disclosures included over 2,000 gifts, a total value of approximately $216,000. Public disclosures ranged from a $1.89 bottle of Coke reported by Senator Jean Fuller (R-Bakersfield) from Coca-Cola Company to a $12,700 trip to Brazil reported by Senator Mimi Walters (R-Irvine).

Senator Mimi Walters reported $12,700 for a single trip to Brazil paid for by the California Foundation on the Environment and the Economy

Tickets, tickets, and more tickets…

Interest groups, non-profits, and higher education entities were the most common giver of entertainment and sports tickets. Tickets were valued as little as $12 to the LA County Fair to two tickets valued at $420 to the US Open Tennis Tournament. In total, over $32,000 in tickets were given to state elected officials.

The University of California Berkeley and Los Angeles, as well as their private counterpart at University of Southern California, all reported giving free tickets to college football and basketball games valued at $1,700. Other educational entities like San Diego-based Bridgepoint Education gave sporting and concert tickets to three legislators representing the San Diego region.

The prolific providers of entertainment and sports tickets were special interest groups with business before the Legislature. AT&T led the pack when it came to giving tickets to elected officials. Tickets from AT&T included admission to the National Pro-Am Golf Tournament at Pebble Beach given to Senator Ron Calderon to watch the likes of Phil Mickelson and Tiger Woods; tickets for several legislators to attend a concert of the popular Mexican rock band Maná; several tickets to Major League Baseball games provided; Disney on Ice tickets to Senator Lois

Wolk; and tickets to the US Open Tennis Tournament to Senator Anthony Cannella and Assembly Member Dan Logue.

A popular gift among legislators was free admission provided by The Walt Disney Company to Disneyland. Mickey and company provided $4,200 worth of free tickets to 14 different legislators and their families. Park tickets ranged from $81 for a child admission reported by Board of Equalization Member George Runner to $420 to Assembly Members Diane Harkey and Donald Wagner for all day passes.

All You Can Eat

Meals were the most commonly provided gifts to state elected officials. Officials enjoyed culinary delights by attending receptions, policy lunches, parties or caucus events, and took part in general hospitality when attending conferences. State official reported $112,000 in food and beverages; in total, meals encompassed more than half of the aggregate value of gifts provided in 2012.

Breakfast is the most important meal of the day, so it was no surprise when legislators and constitutional officers received these benefits from various individuals and interest groups. The California Cattleman's Association hosted a bipartisan contingent for a "steak and egg legislative breakfast"; the California Democratic Party hosted an "outgoing members' breakfast;" and Speaker John Perez hosted a caucus breakfast fully paid for through his campaign funds.

Lunch was the second most popular among Capitol politicians who continued to dine out on interest group's tab. Disclosures include Senator Jean Fuller who reported a $4 lunch bag provided by the California Association of Professional Scientists to a $250 lunch provided to Senator Carol Liu by the Armenian International Women's Association. Board of Equalization Member George Runner, who was elected to provide oversight on sales, property, and special taxes was provided lunch on four different occasions by accounting giant PricewaterhouseCoopers LLP. Senate Pro Tem Darrell Steinberg hosted a caucus lunch using funds from his 2010 campaign committee.

Based on public disclosures, dinner was the most popular meal for state public officials and special interest groups. Officials not only enjoyed meals at high-end Sacramento-area restaurants, they brought along their spouses, significant others, and staff. Superintendent of Public Instruction Tom Torlakson reported bringing his wife on seven different occasions as he traveled the state. These dinner disclosures also give the public an insight on influence in the State Capitol.

Assembly Member Ian Calderon was treated to dinners by Entertainment Software Association and the Motion Picture Association of America right before being appointed chair of the Entertainment Committee. Former Senator Michael Rubio reported a $325 dinner with oil industry group Western States Petroleum Association and a $77 dinner with natural gas and oil producer Phillip 66. Rubio reported these gifts in the months preceding his resignation from the Senate to head Chevron's government affairs division. Senator Ron Calderon, then-chair of the Senate Insurance Committee, reported $2,400 in lodging, entertainment, and dinners from the insurance group Association of California Life and Health Companies.

Prior to resigning from office to lead the Chevron's government affairs division, then-Senator Michael Rubio reported expensive dinners from petroleum interest groups.

2012's Unique Gifts

California law limits gifts to $440 in fair market value, but there are a number of gifts that are personalized, or unique and could be considered priceless. Below is short list of 2012's unique gifts:

- A scarf valued at $409 from the French Ministry of Agriculture to Senator Noreen Evans;
- $400 crystal ducks given to Speaker John A. Perez by Democratic Party official Shirley Friedman;
- An adult three-wheeled scooter valued at $400 from Trikke Inc. to Assembly Member Das Williams;
- Bronze statue of Ronald Reagan given to Assembly Member Curt Hagman from Reagan Bronze Inc. Reported cost: $349;
- Senator Alex Padilla reported $337 of personalized hot sauce bottles gifted by PepsiCo Inc;
- Newsweek gifted $250 tickets to Governor Jerry Brown to attend the White House Correspondents Dinner;
- Senator Ted Lieu received a $239.99 football jersey from his hometown Cleveland Browns;
- Consumer litigation attorney Kiesel Boucher gifted Assembly Member Wesley Chesbro with a $204 Barnes & Noble Nook ebook;
- South Korean retail giant CJ Group gifted Assembly Member Holly Mitchell with $200 headphones;
- Eight legislators reported $151 authentic firefighter helmets from the California Professional Firefighters;
- Speaker John A. Perez spent campaign funds on personalized green glass bowls for members of the Assembly and engraved boxes for members of his Democratic caucus.

Difference in Leadership

Legislative leaders hold significant power and enjoy many perks. Some of the advantages include the innumerable opportunities to receive gifts, event tickets, and meals. However, during our review of personal finance statements we found stark differences between Senate Pro Tem Darrell Steinberg and Assembly Speaker John A. Perez and their minority leader counterparts. As shown in Figure 1, Speaker Perez outpaced his leadership colleagues by accepting gifts valued at nearly 4 times of those gifts given to other leaders.

There were also differences between the way the leaders spent campaign funds between political parties. Specifically, Republican leaders Connie Conway and Bob Huff did not spend any of their campaign war chests on gifts to colleagues, according to personal finance statements.

Speaker John A. Perez received gifts valued nearly four times more than other legislative leaders gifts.

California Common Cause

Figure 1: Steinberg, Perez, Huff and Conway's Approach to Gifts

	Steinberg	Perez	Huff	Conway
Total number of gifts	15	111	20	28
Total value of gifts	$2,299	$8,020	$2,022	$2,242
Unique gift	$127 Boxing Robe from Latino Caucus	$400 Crystal Ducks	$50 in apparel from California Trout	$305 for tickets and meal at Del Mar Thoroughbred Club
Most received gift	Tickets to San Francisco Giants	Cigars	Dinners	Meals
Spent from campaign funds for gifts	$1,792	$12,746	$0	$0
Major purchases with campaign funds	Caucus Lunch	Personalized glass bowls for Assembly Members	N/A	N/A

Travel Loophole

The majority of gifts given in 2012 were subject to the state's $420 gift limit (raised to $440 in 2013). However, under state law, interest groups are able to take advantage of a long standing travel loophole. Public officials are able to receive reimbursements or advances for three days of lodging and food if the official is speaking at a non-profit conference. The purpose of this non-profit travel exemption was to allow 501(c) 3 charities providing public services or philanthropy to invite officials to speak. The reality is the exact opposite.

Currently, a number of special interest groups take advantage of the travel loophole by setting up or using non-profits for this purpose. These special interest funded non-profits then go on to sponsor conferences, overseas trips, and junkets where lobbyists get exclusive access to policymakers without being bound by the gift limits. In addition, these non-profits are not subject to any public disclosure. This activity is well documented by major media outlets and from financial disclosures of special interest groups.

The single largest reported gift in 2012 was from Senator Mimi Walters who disclosed a two-week $12,700 study trip to Brazil for airfare, hotels, meals, land transportation, and "cultural activities." The trip to Brazil was paid for by the California Foundation on the Environment and the Economy, a 501(c)3 with reported revenues of $1.8 million in 2011. CFEE's board members include lobbyists from the state's biggest special interests who regularly have business before the Legislature. The non-profit's website touts trips to 18 different countries over eight years. CFEE describes these trips as "projects for state and local elected and appointed officials, labor and environmental leaders, as well as representatives from the private sector." It does not currently disclose its donors.

Another case study is the Independent Voter Project which hosts an annual junket to the island of Maui for a week-long conference between legislators and special interest lobbyists. The conference is regularly funded by interest groups like Altria, Chevron, and the California prison guards union. The trip to Maui has received increased attention over the last few years from watchdogs and the media. As a result, many legislators have turned to paying for the trip with campaign funds thus avoiding the public gift disclosure. One senator did fully disclose the Maui gift. Senator Ron Calderon reported receiving over $2,000 from the Independent Voter Project.

Campaign Committee Slush Funds

Comparatively, candidates for federal office are restricted to spending campaign funds on items other than bona fide campaign or political related expenses. Candidates are directed by respective congressional ethics committees and Federal Election Commission to spend funds on "legitimate and verifiable campaign warned of strict enforcement." Taking from the House Ethics Committee guide:

> "[A] bona fide campaign purpose is not established merely because the use of campaign money might result in a campaign benefit as an incident to benefits personally realized by the recipient of such funds... [T]he Committee believes that any other interpretation...would open the door to a potentially wide range of abuse and could result in situations where campaign for personal enjoyment, entertainment, or economic well-being of an individual without any clear nexus that the funds so expended achieved any political benefit.

California's restrictions on campaign funds are not strong enough to prevent abuse. Campaign funds have devolved into slush funds that can be transferred to future campaign committees, given to political parties to help out critical races, and in the case of some legislators, used buy lavish gifts for themselves, colleagues, and staff. For instance, Assembly Member Adam Gray's campaign committee paid for three different gift baskets to Speaker John Perez totaling over $150. Assembly Member Ricardo Lara's campaign funds were also used on $300 worth of gifts for the Speaker. Assembly Member Toni Atkins also used $231.85 of her campaign funds on meals and dinners for other legislators.

At times, campaigns use substantial campaign funds for large group purchases. For instance, Senate Pro Tempore Steinberg used over $1,500 of his 2010 campaign funds on a Senate Democrats luncheon. The largest 2012 case of using campaign funds for gifts comes from Speaker John Perez. His campaign was the single largest giver of gifts, excluding travel. The $12,756.48 of campaign money bought him time and influence with other Assembly Members. The money was spent primarily on gifts that nearly every member received including $40 engraved boxes and $86 personalized green glass bowls.

Current law and regulations permit candidates to spend campaign funds on items related to "campaign, legislative, or political" business. Under normal circumstances, these expenditure categories would be sufficient, however California does not define campaign, legislative, or political-related expenditures; resulting in a slush fund mentality where any expense can be justified in broad terms. What we have seen are expenditures on items that would normally not pass as campaign, legislative, or politically-related. In order to justify these expenditures, the candidate can simply say it was to "improve legislative relationships", "a strategy luncheon", or for the legislators professional development.

Californians have seen campaign funds pay for suits, ties, cigars, cars, mobile phones, text messaging and data plans, college tuition, flower bouquets, gift certificates, customized apparel, and overseas junkets.

Figure 2 on the next page lists the largest gift givers based on personal finance statements.

California Common Cause

Figure 2: 2012 Top Gift Givers

Ranking	Contributor Name	Value of Gifts Provided in 2012
1	California Foundation on Environment & Economy	$14,830.01
2	John A. Perez for Assembly 2012	$12,795.48
3	California Democratic Party	$12,238.95
4	Association of CA Life and Health Companies	$4,453.97
5	The Walt Disney Company	$3,918.13
6	Del Mar Thoroughbred Club	$3.433.45
7	California Issues Forum	$3,112.02
8	Independent Voter Project	$2,913.16
9	AT&T	$2,870.63
10	Consumer Attorneys of California	$2,148.81
11	CA Correctional Peace Officers Association	$2,128.46
12	PG&E	$1,821.89
13	TechNet	$1,777.37
14	Governor's Cup Foundation	$1,734.50
15	Barona Indian Reservation	$1,694.95

The Influence of Gifts

It is human nature to feel gratitude towards anyone who provides a gift or anything of personal benefit. We experience this gratitude during holidays, birthday parties, weddings, and other special events. This gratitude results in positive inclination toward the giver and a feeling to reciprocate. There is nothing inherently wrong with this activity. The concern arises when public officials with significant decision-making authority feel grateful and the need to reciprocate to powerful interests whose agenda may be contrary to public interest. Elected officials have always stuck with the company line that gifts and other benefits have no influence on their decision making process, but have not denied feelings of gratitude. This section of the report will highlight case studies where gifts and meals were given to influential Capitol players.

Assembly Member Richard Pan (D-Sacramento) who chairs the powerful Health Committee received free Sacramento Kings tickets worth $300 from pharmaceutical giant Envision Rx; meals from the heavy hitting medical associations like the California Medical Association, California Dental Association, and the California Healthcare Foundation. Mr. Pan further benefited from a $50 reception hosted by union healthcare workers.

Vice Chair of the Assembly Public Safety Committee, Assembly Member Steve Knight (R-Lancaster), also took gifts and meals from influential public safety groups. Mr. Knight reported three gift baskets each worth $350 given by Minorities for Law Enforcement, Crime Victims United, and Coalition for a Safer California PAC. Mr. Knight received the gift of golf and a meal worth $421 from the California Correctional Peace Officers Association, better known as the prison guards union.

Senator Anthony Canella (R-Modesto/Ceres) chairs the Senate Agriculture Committee and benefited from meals and gifts of produce. His givers were the Wine Institute, California Rice Commission, California Grape and Tree Fruit League, and California Cotton Ginners and Growers.

Assembly Member Bonnie Lowenthal (D-Long Beach) enjoyed several gifts from transportation-minded interests as Chair of the Assembly Transportation Committee. She benefited from $200 VIP reception from United Airlines, $94 dinner from Toyota Motors North America, $117 dinner and admission to a car show from Global Automakers, and dinners from the Ports of Los Angeles and Long Beach.

Senator Ron Calderon

Senator Ron Calderon (D-Montebello) serves as chair of the Senate Insurance Committee. As chair, he benefited from $420 golf gift from Pacific Life insurance company, $420 in lodging from Farmers Group, and $2,477 of lodging, entertainment, and food for a conference paid for by the insurance powerhouse Association of California Life and Health Companies.

The examples presented here are only a small sample of cases where interests groups have used gifts to influence public officials in powerful positions.

Figure 3 lists the top 10 gift recipients in 2012. The bipartisan list of legislators shows no party has a monopoly on personally benefitting when in office.

Figure 3: 2012 Top Recipient of Gifts

Recipient	Value of gifts received
Senator Mimi Walters	$15,810.80
Senator John Perez	$8,020.63
Senator Ron Calderon	$7,830.44
Senator Alex Padilla	$6,579.26
Assembly Member Luis Alejo	$5,506.83
Assembly Member Das Williams	$5,262.05
Senator Ben Hueso	$4,378.55
Assembly Member Bonnie Lowenthal	$4,306.00
Senator Ted Gaines	$4,274.39
Assembly Member Brian Jones	$4,274.25

Behested Payments

According to the Fair Political Practices Commission, behested payments are "contributions solicited by members of the Assembly, Senate and statewide elected officers. These payments are not considered campaign contributions or gifts, but are payments made at the 'behest' of elected officials to be used for legislative, governmental or charitable purposes." At the request or solicitation of any elected official, a special interest group is permitted to give unlimited amounts to an official's favorite charity or cause. While state law limits the amount of campaign contributions and gifts, there are no limits on these so-called "behested" payments. State law only requires the reporting of 'behested' payments if they total $5,000 or more per calendar year from a single source. There are no reporting requirements for payments up to $4,999.99. Officials must report the "behested" payments within 30 days of the date they are made. [Source: FPPC Behested Payments Fact Sheet]

Before reading this report, most voters did not know these contributions existed nor to the extent they are used by elected officials and special interests. Since 2000, state constitutional officers and legislators have behested $105.5 million to their favorite projects or charities. The highest recorded year for behested payments was in 2008 when officials reported over $33 million. With no limits on behested contributions, disclosure reports show individual donations were as high as six digits from special interest groups.

Since moving into the Governor's office in 2010, Governor Jerry Brown has done very little fundraising compared to his predecessors. Despite showing little interest in raising reelection funds, the Governor has been aggressive at collecting charitable contributions for the two Bay Area charter schools he founded as mayor of Oakland. Governor Brown reported behested payments of $3.5 million, 85 percent of all constitutional officers reported payments. The $3.5 million raised for Brown's charter schools is nearly double what he raised in campaign contributions ($1.89 million).

Some officials benefit directly from behested payments. One example is the common practice of interest groups underwriting charitable food kitchens donations, school supply drives, book fairs, and other high profile community events while promoting the elected official as the headliner. This arrangement could provide a significant level of influence over an elected official's decision making that may benefit special interest over public interest. This activity is not considered a gift or a contribution to a campaign, but a behested payment with no limits and limited disclosure.

Under current state ethics laws, elected officials to may direct behested contributions to charities owned and operated by the official, official's spouse, or immediate family member thus opening up opportunities to benefit financially. Under any other circumstances, this would be considered a conflict of interest. Under behested payments, this activity is permitted.

Figure 4 illustrates the total amount of behested payments in California since 2000.

Figure 4: Total Behested Payments since 2000

	Constitutional Officers	Assembly	Senate	Total
2000	$250,000.00	$80,950.00	$962,000.00	$1,292,950.00
2001	$261,223.00	$555,542.00	$1,301,948.00	$2,118,713.00
2002	$471,423.00	$1,078,605.00	$1,411,161.00	$2,961,189.00
2003	$289,880.00	$343,697.00	$896,453.00	$1,530,030.00
2004	$450,927.00	$1,100,780.00	$1,257,863.00	$2,809,570.00
2005	$164,337.00	$1,201,538.00	$1,454,300.00	$2,820,175.00
2006	$2,421,853.00	$699,754.00	$1,860,524.00	$4,982,131.00
2007	$392,607.00	$1,019,812.00	$1,834,989.00	$3,247,408.00
2008	$8,842,799.00	$15,924,476.00	$9,176,938.00	$33,944,213.00
2009	$5,685,565.00	$8,379,075.00	$5,438,824.00	$19,503,464.00
2010	$5,421,135.00	$5,744,568.00	$1,816,232.00	$12,981,935.00
2011	$4,677,000.00	$2,465,824.00	$1,038,465.00	$8,181,289.00
2012	$4,171,076.00	$1,215,097.00	$1,090,978.00	$6,477,151.00
2013 to date	$3,476,975.00	$2,242,920.00	$1,023,311.00	$6,743,206.00
Totals since 2000	$36,976,800.00	$42,052,638.00	$30,563,986.00	$109,593,424.00

Note: Behested payments are not unique to state elected officers. Voters are beginning to see the practice spread to local jurisdictions. Media reports have highlighted the creation of shell nonprofits controlled by local elected officials. These nonprofits then receive donations from large interests seeking development deals with the city. The local official then uses those funds to promote or support programs that provide a political benefit. The Sacramento Bee reported that Sacramento Mayor Kevin Johnson requested payments of $7.1 million to his favorite nonprofits during 2012. Mayor Johnson's $7.1 million exceeds the total of all state elected officials during that same year. [Source: "Sacramento Mayor Kevin Johnson gives millions for his causes". Ryan Lillis, The Sacramento Bee. June 30, 2013.]

Conclusion: California's Weak Ethics Laws

Compared to other states around the nation and federal gift restrictions, California's laws are by far the weakest. Evidence of these faults can be seen in the $440 gift limit that is raised automatically every two years, numerous different exemptions from the gift rule, loose travel restrictions, few limits on lobbying entities, and once a year disclosure. These rules allow special interests plenty of opportunities to influence public decisions, wine and dine public officials, and sponsor all-expenses paid "fact finding" junkets around the world. California's rules not only apply to elected officials but to all state employees and appointed officials. Agency employees who may be reviewing complaints and bids or regulating an industry are allowed to accept influential gifts from persons seeking action or business from the government.

Gift Limits

California's gift limit was first established in 1990 and was originally set at $250. State law requires the limit be indexed for inflation every two years. At the beginning of 2013, the Fair Political Practices Commission raised the limit to $440. Compared to many other states and the federal government, California's gift limit is high. Northerly neighbors Washington and Oregon have set gift limits at $50 per year; neighbors to the east, Nevada and Colorado have limits of $100.

According to the United States Office of Governmental Ethics, who sets ethics policy for 2.7 million federal employees, the gift limit is $50 in aggregate per year and no single gift can be more than $20. Federal employees are also prohibited from receiving gifts from any person seeking action, doing business or seeking to do business or are regulated by the employee's agency. Congressional rules limit congressman, senators, and Capitol Hill employees to $100 in aggregate annually with no gift valued over $50.

Solicitation of Gifts

A common misconception made by voters is that all gifts given to public officials and employees are unsolicited. That could not be further from the truth. California public officials do solicit gifts from special interests and are not prohibited from doing so under law despite the corrosive effect this activity may have on governance. Unlike California, thirty other states have banned gift and personal benefit solicitations in one form or another. Congress and federal employees are also prohibited from soliciting gifts.

Lobbyist Loopholes

Individual lobbyists in California are prohibited from giving more than $10 aggregate annual gifts. Despite this limit, lobbying clients—groups who employ lobbying firms to advocate for policy changes—are able to give up to $440. This gaping loophole makes the individual lobbyist prohibition a meaningless law. Interest groups are the beneficiaries looking to receive special consideration from policy makers, probably more so than their contract lobbyist. This was recognized in the House of Representatives when they banned lobbyists, lobbyist employers, and firms from providing gifts of any value to members and employees.

Travel Issues

As mentioned earlier in this report, the travel loophole has allowed large, all-expense paid trips to be exempt from the gift limit as long as the travel is disclosed. California's once-a-year disclosure does not allow for timely accountability of special interest funded trips. Congress has adopted a system of disclosure which allows for accountability *prior* to the commencement of privately-funded travel and prohibited lobbyists from attending trips alongside elected officials.

Policy Recommendations

Expand the gift prohibition on lobbyist to include clients.

The Legislature should apply the gift rules for lobbyist and lobbying firms to the clients of lobbyist and lobbying firms. This would close a gaping loophole in the state's gift laws which allows powerful interest groups to provide a personal benefit to elected officials. Lowering the gift limit for clients to $10 a month is common sense and would prohibit almost all gifts except for those of *de minimus* value.

Lower the gift limit for elected officials.

The current gift limit is set at $440, a dramatic increase from the $250 limit first adopted into law. The current gift limit is four times larger than the federal gift limit and much larger than other states. Voters are shocked when they learn public officials can receive upwards of $440 from interest groups with business before the state. This limit should be lowered to the original statutory limit of $250, while also removing automatic cost-of-living adjustments.

Adopt comprehensive conflict of interest reforms and improve disclosure on behested payments.

Behested payments remains the least regulated avenue for interest groups to use to garner influence among elected officials. The Legislature should lower the disclosure threshold for behested payments from $5,000 to $1,000. Additionally, the Legislature should adopt conflict of interest legislation to prevent behested payments from being directed to organizations that are controlled or owned by an official's family members.

Adopt new restrictions on certain types of travel payments, and improve transparency on privately-funded travel payments.

Public officials have taken advantage of travel payments in order to participate in all-expenses paid junkets to exotic or foreign locations. These payments are not limited to specific types of activities, so a fact-finding junket could have a substantial amount of recreational activities without running afoul of the law. Disclosure of privately-funded travel is also an issue. Public officials travel on the tab of private sponsors throughout the year, but voters are only informed of the details of these trips the next calendar year. Disclosure is only meaningful if it allows voters and the Fair Political Practices Commission to react in a timely manner.

The Legislature should reform state ethics law to limit travel payments to items necessary for conducting state-related business and prohibit any payments for activities considered substantially recreational. The Legislature should also require privately-funded trips to be disclosed within 30 days after the end of such travel.

End the use of campaign slush funds to personally benefit elected officials.

Current law permits far too many types of slush fund activities that many casual observers would see as providing a personal benefit to the elected officials. The Legislature should adopt the Congressional and Federal prohibitions on campaign funds to end the worst practices in California campaigns. Donors should not have to worry that their well-meaning donation would be used to personally benefit the elected official or their family members.