

**Panoche Water District**  
**Policy Statement on Reimbursement of Reasonable**  
**Expenses and Expenditure of Public Resources**

November 17, 2107 Revised

\*Credit Card Use Policy (Only) Revised April 18, 2023

**Findings**

WHEREAS, the Panoche Water District (“District”) Board of Directors (“Board” collectively or “Director” individually) desires to adopt a statement that documents, formalizes and updates the principles and policies it follows to provide careful stewardship over the use of its limited public resources.

WHEREAS, public resources should only be used when there is a substantial benefit to the District or to advance a public purpose beneficial to the District.

WHEREAS, such benefits include:

1. The opportunity to discuss with other local, state and federal officials issues within the jurisdiction of the District;
2. Participating in regional, state and national organizations whose activities affect the District;
3. Attending educational seminars designed to improve officials’ skill and information levels;
4. Promoting public service and morale by recognizing such service;
5. Providing informational tours and presentations to landowners and water users; other local, state and federal officials, and the general public on programs and projects being implemented by the District; and
6. Meeting with the District’s landowners and water users to provide information and/or to address issues of concern to those landowners and water users.

WHEREAS, 1) legislative and other local, regional, state and federal agency business is frequently conducted over meals; 2) sharing a meal with other local, regional, state and federal officials is frequently the best opportunity for a more extensive, focused and uninterrupted communication about the District’s policy concerns; 3) providing meals within the District boundaries for groups attending District-sponsored meetings and informational tours allows for the efficient use of time for District officials and the attendees given the remote location of the District, and 4) each meal expenditure must comply with the limits and reporting requirements of local, state and federal law.

WHEREAS, this policy statement provides guidance to publicly elected and non-elected officials on the use and expenditure of District resources, as well as the standards against which those expenditures will be measured. As used in this policy statement, “public official” or “official” means every director, officer, employee or consultant of the District.

WHEREAS, this policy statement is intended to describe the definition of actual and necessary expenses consistent with state laws relating to permissible uses of public resources.

WHEREAS, this policy statement is intended to describe the definition of necessary and reasonable expenses consistent with of federal and state income tax laws.

WHEREAS, this policy also applies to any charges made to District-issued credit cards, cash advances, or other lines of credit.

WHEREAS, the Bylaws of the District authorize a stipend of \$10 per meeting to members of the Board of Directors, but it is the longstanding practice of the District not to provide meeting stipends to Directors for meetings of the Board or for attendance in a representative capacity on boards or committees of other agencies or organizations, and the District has adopted no ordinance providing for such stipends.

WHEREAS, it is the longstanding practice of the District not to provide Members of the Board of Directors with District vehicles or to provide vehicle mileage reimbursement for use of personal vehicles to attend meetings of the Board; meetings of boards or committees of other agencies where the Director is representing the District; educational conferences or meetings; or meetings of any other agency or organization or when the Director attends to make a presentation on behalf of the District, receives information for the District or for any other purpose.

WHEREAS, District employees appointed by the Board to act in a representational capacity on boards or committees of other agencies or organizations do so in the course of their employment for purposes of the District and are required by California law to be reimbursed for their reasonable personal expenses, if any, incurred for such assignments.

WHEREAS District employees authorized by the Board to attend educational conferences or meetings; to make a presentation on behalf of the District at a meeting of any other agency or organization or to travel outside of the local area for any District purpose do so in the course of their employment and are required by California law to be reimbursed for their reasonable personal expenses, if any, incurred for such assignments.

WHEREAS, for any expenses which are reimbursable through District grants, the grant provisions which differ from District policies shall be applicable.

### **Authorized Expenses**

All District resources, including funds, equipment, supplies, titles, and staff time must only be used for authorized District business. Expenses incurred in connection with the following types of

activities generally constitute authorized expenses, as long as the other requirements of this policy are met:

1. Communicating with representatives of other local, regional, state and national government on District adopted policy positions or for informational purposes about any issue within the jurisdiction of the District;
2. Attending educational seminars designed to improve officials' skill and information levels;
3. Participating in regional, state and national organizations whose activities affect the District's interests;
4. Participating on boards or committees of regional agencies whose activities address issues within the jurisdiction of the District;
5. Recognizing service to the District (for example, thanking a longtime employee with a retirement gift or celebration of nominal value and cost);
6. Attending District events;
7. Conducting District tours and presentations on programs and projects being implemented by the District;
8. Meeting with the District's landowners and water users to provide information and/or to address issues of concern to those landowners and water users; and
9. Cost and fees associated with District projects, including services, supplies, materials and equipment.

All other expenditures require prior approval by the District governing body.

The following expenses also require prior governing body approval, which can be done by a standing board approval for recurring items:

1. International and out-of-state travel; provided, that standing approval is granted for the annual Bureau of Reclamation Water Users Conference when held out of state, such as at Reno, Nevada; and for the Family Farm Alliance Annual Conference when held out of state, such as at Las Vegas, Nevada; and
2. Expenses exceeding \$3,500 per trip.

It is acknowledged that certain travel, conferences and meetings that serve District purposes may come up on short notice making it impracticable to obtain specific Board approval. In such cases, the Board should approve the reasonable expense for such matter at its next regular Board meeting.

Examples of personal expenses that the District will not reimburse include, but are not limited to:

1. The personal portion of any trip;

2. Political or charitable contributions or events;
3. Family expenses, including partner's expenses when accompanying official on agency-related business, as well as children- or pet-related expenses;
4. Entertainment expenses, including theater, movies (either in-room or at the theater), sporting events (including gym, massage and/or golf related expenses), or other cultural events;
5. Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline; and
6. Personal losses incurred while on District business. Any questions regarding the propriety of a particular type of expense should be resolved by the approving authority before the expense is incurred.

### **Meeting Stipends**

#### **General**

The District's Directors do not currently receive a stipend for each day's attendance at meetings, although the District's Bylaws authorize a stipend of \$10 per meeting of the Board of Directors only. To set a stipend requires adoption of an ordinance following public hearing.

#### **Aggregate Limits**

In the event daily stipends for Directors are provided, the number of days for which a District Director receives a daily stipend will not exceed the aggregate limits established by state law.

### **Cost Control**

To conserve District resources and keep expenses within community standards for public officials, expenditures for which the public official requests reimbursement should adhere to the following guidelines. In the event that expenses are incurred which exceed these guidelines, the cost borne or reimbursed by the District will be limited to the costs that fall within the guidelines.

#### **Transportation**

To the extent possible, travel arrangements to be reimbursed by the District involving public transportation, car rental and hotel bookings shall be made by the Controller or the Controller's designee, taking into consideration the parameters set forth in this section.

The most economical mode and class of transportation reasonably consistent with scheduling needs and cargo space requirements that is reasonably available in the locale must be used, using the most direct and time-efficient route. Charges for rental vehicles for travel to an out of town

destination may be reimbursed under this provision if more than one District official is traveling to attend an out of town conference, and it is determined that sharing a rental vehicle is more economical than other forms of transportation and will meet scheduling and availability requirements. In making such determination, the cost of the rental vehicle, parking and gasoline will be compared to the combined cost of such other forms of transportation. This policy does not preclude reasonable reimbursement of personal vehicle use authorized by this policy. This policy also does not preclude use of a rental vehicle by a single District official where such form of transportation meets the principle set out in the first sentence of this paragraph. Government and group rates must be used when available.

**Airfare.** Airfares that are equal or less than those available through the Enhanced Local Government Airfare Program offered through the League of California Cities ([www.cacities.org/travel](http://www.cacities.org/travel)), the California State Association of Counties (<http://www.counties.org/discount-travel-program>) or the State of California are presumed to be the most economical and reasonable for purposes of reimbursement under this policy. However, in the event such rates are not available in instances where travel cannot be planned sufficiently in advance to qualify for the reduced fares or such rates are not available from reasonably convenient departure locations to the required destination for the District purpose, market rates that reasonably accommodate such travel may be reimbursed under this policy.

**Personal Automobile.** When reimbursable pursuant to this policy, personal automobile mileage is reimbursed at Internal Revenue Service rates presently in effect (*see* [www.irs.gov](http://www.irs.gov)). For 2016, the rate is 54 cents per mile. These rates are designed to compensate the driver for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. This amount does not include bridge and road tolls or parking fees, which are also reimbursable. The Internal Revenue Service mileage rates will not be paid for rental vehicles; only receipted fuel expenses will be reimbursed.

**District Vehicles.** Use of District vehicles is covered in a separately-adopted District policy, the current version of which is attached as Exhibit “B” to this Policy Statement.

**Car Rental.** Rental rates that are equal or less than those available through the California State Association of Counties (<http://www.counties.org/discount-travel-program>) shall be considered the most economical and reasonable for purposes of reimbursing car rentals under this policy.

**Taxis/Shuttles.** Taxis or shuttles fares may be reimbursed, including a 15 percent gratuity per fare, when the cost of such fares is determined to be the most economical mode of transportation, or when such transportation is necessary for safety, availability or time-efficiency.

## **Lodging**

Lodging expenses will be reimbursed or paid for when travel on official District business reasonably requires an overnight stay.

- **Conferences/Meetings.** If such lodging is in connection with a conference, lodging expenses must not exceed the group rate published by the conference sponsor for the

meeting in question if such rates are available at the time of booking. If the group rate is not available, see next section.

- **Other Lodging.** Travelers must request government rates, when available. Lodging rates that are equal or less to government rates are presumed to be reasonable and hence reimbursable for purposes of this policy.
- **Government Rates Not Available.** In the event that government rates are not available at a given time or meeting venue lodging, lodging rates that do not exceed the median retail price for lodging for that area listed on websites like [www.priceline.com](http://www.priceline.com) or an equivalent service or lodging rates that do not exceed \$160 per night are presumed reasonable and hence reimbursable.

## Meals

Reimbursable meal expenses and associated gratuities will not exceed the following rates per person:

Breakfast	\$15.00
Lunch	\$20.00
Dinner	\$30.00

Or in the aggregate more than \$65.00 for a day, except that no individual meal may exceed its limit by more than 20% in case the aggregate amount is used for a particular day.

In communities with a population of 500,000 or more, the reimbursable meal expenses and associated gratuities will not exceed the following rates per person:

Breakfast	\$20.00
Lunch	\$25.00
Dinner	\$40.00

Or in the aggregate more than \$85.00 for a day, except that no individual meal may exceed its limit by more than 20% in case the aggregate amount is used for a particular day.

These rates may not be adequate in certain large communities recognized as exceptionally high cost, such as Washington, D.C., in which case the above guidelines shall be increased by an additional 10% per meal and aggregate per day.

Such amounts shall be annually adjusted to reflect changes in the cost of living in accordance with statistics published by the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index, all urban consumers for the San Francisco Area. Such annually adjusted rates shall automatically update the amounts set forth in this Policy Statement without the requirement of any formal written change to the adopted policy.

The District will not pay for personal bar expenses/alcoholic beverages; however, the District may pay for alcoholic beverages according to local community standards. The General Manager shall be authorized to engage in reasonable third party hosting expenses for alcoholic beverages, with any expenditures for events over \$100 subject to prior Board authorization or group meal events organized by others (for example, conferences and other types of activities that fall within the list of “authorized expenditures” above), the District recognizes that the per person cost may exceed these maximums.

### **Telephone/Fax/Cellular**

Personal cell phone use will not be reimbursable for officials to whom District cellular phones are provided, except in unusual circumstances. Other officials may be reimbursed for actual telephone and fax expenses incurred for use of District business. Telephone bills should identify which calls were made on District business. For cellular calls on personal cell phones, when the official has a particular number of minutes included in the official’s plan, the official can identify the percentage of calls made on public business.

### **Internet**

Officials will be reimbursed for Internet access connection and/or usage fees away from home, not to exceed \$15.00 per day, if Internet access is necessary for District-related business. Internet service for employees required or authorized to work from home using District equipment, but the employee’s Internet service, will be reimbursed based upon the employee’s monthly declaration of reasonable use submitted on a form provided by the District.

### **Airport Parking**

Long-term parking must be used for travel exceeding 24-hours where reduced-rate long-term parking is reasonably available.

### **Other**

Baggage handling fees of up to \$1 per bag and gratuities of up to 15 percent will be reimbursed. Expenses for which District officials receive reimbursement from another agency are not reimbursable.

### **Cash Advance Policy**

From time to time, it may be necessary for an official to request a cash advance to cover anticipated expenses while traveling or doing business on the District’s behalf. Such request for an advance should be submitted to the General Manager at least two days prior to the need for the advance with the following information:

1. The purpose of the expenditure(s);
2. The benefits of such expenditure to the public purpose of the District;
3. The anticipated amount of the expenditure(s) (for example, hotel rates, meal costs,

- and transportation expenses); and
4. The dates of the expenditure(s).

Any unused advance must be returned to the District treasury within two business days of the official's return, along with an expense report and receipts documenting how the advance was used in compliance with this expense policy.

In the event the General Manager is uncertain as to whether a request complies with this policy, the General Manger must seek resolution from the Board.

## **Credit Card Use Policy**

Revised April 18, 2023

### **Policy Statement**

This Credit Card Use Policy (the "Policy") documents and expands upon the Panoche Water District's previously adopted policy on use of District-issued credit cards.

### **Authorized Use of District Credit Cards**

The District may issue credit cards to certain employees authorized to make purchases on behalf of the District for necessary District purposes. Use of District-issued credit cards must be in compliance with the District's Credit Card Use Policy and is subject to the following:

1. In no event shall a District-issued credit card be used for personal expenditures, even if the intent at the time of credit card use is to reimburse the District and the expenditure is subsequently reimbursed;
2. The person in possession of a District-issued credit card is responsible for receiving, printing, retaining, and submitting to the District all receipts related to purchases made on the District-issued credit card; receipts must be annotated to state the business purpose of the purchase; for purchases at restaurants, the documentation must include the restaurant receipt as well as the credit card receipt and the names of parties for whom any meals were paid;
3. All credit card expenses must be submitted within 30 days of an expense being incurred; the expenses must comply with the District's credit card policy and policies related to expenses and use of public resources;
4. Inability to provide such documentation in a timely fashion may result in the expense being borne by the employee or official;
5. All credit card receipts and statements shall be kept in accordance with the District's records retention policy; and
6. Audits of credit card expenditures and of all supporting documents required by this policy shall be conducted monthly by a rotating Director designated by the President

of the Board to serve for 6 months at a time in consultation with counsel and/or an outside CPA.

**Authorized Users**

1. Individual District credit cards shall be issued only to the following positions:

General Manager	(\$10,000 Credit Limit)
Maintenance Department head	(\$ 3,500 Credit Limit)
Water Resources Department head	(\$ 3,500 Credit Limit)
Ethics and Compliance Department head	(\$ 3,500 Credit Limit)

2. For the General Manager:

- The credit card authorization limits shall not override but shall remain subject to limitations concerning non-competitive and competitive procurements of equipment, goods and services as set forth in Panoche Water District policies or applicable laws; .
- In the event that any single event or matter is over \$10,000 in charges, including an event or matter for which no single charge is over \$10,000, but combined total charges are over \$5,000, the applicable cardholder shall within 5 business days provide the Director then designated to review credit card records with supporting documentation and information on the charge(s).

3. The District working with counsel, an outside CPA or the District’s Ethics & Compliance Officer after training by such counsel, outside CPA or other qualified outside party shall provide training, prior to issuance of a credit card and on an annual basis thereafter, to all employees authorized to use District credit cards on proper District expenditures and types of expenditures for which District credit card use is unauthorized.

**Policy Review**

The Board of Directors shall review this Policy at least annually; staff shall prepare a report on its implementation for consideration by the Board as part of the annual review.

**Policy Violations**

Under state law, use of public resources or falsifying expense reports in violation of this Policy, may result in any or all of the following:

1. Loss of reimbursement and/or credit card use privileges;
2. Demand for restitution by the District;
3. The District’s reporting the expenses to state and federal tax authorities as income to the Director, official, or employee;
4. Civil penalties of up to \$1,000 per day and three times the value of the resources used;

5. Criminal prosecution for misuse of public resources; and
6. Discipline in accordance with District policy and procedures, including termination of employment.

### **Loans**

Public officials may not receive a personal loan from an officer, Director, employee, or consultant of the District, the District, or an agency over which the District exercises direction and control, or from an individual or entity that has a contract with the District or an agency over which the District exercises direction and control. The foregoing limitations do not apply to loans received from banks or other financial institutions, and retail or credit card transactions, made in the normal course of business on terms available to members of the public without regard to the official's status.

It is the policy of the District not to provide payroll advances or loans to District employees or loans to any person except as authorized by law.

District employees who meet criteria as defined by Internal Revenue Service Regulations may be eligible for distributions from their accounts in the Panoche Water District 401(k) Retirement Plan, and this policy is not intended to preclude any such qualifying distribution.

### **Gift**

Officials and their immediate family members (includes the official's spouse, registered domestic partner, any minor child of the official who the official can claim as a dependent for federal tax purposes, and any child of the official who is aged 18 to 23 years old, attends school, resides with the official when not attending school, and provides less than one-half of his or her own support) should not accept or receive gifts without consulting the District's applicable policy regarding the appropriateness of the same and the process to be followed. A "gift" is any payment or other benefit provided to the official that confers a personal benefit for which the official does not provide payment or services of equal or greater value. A gift includes a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public. Except as discussed in Exhibit "A" hereto, you have "received" or "accepted" a gift when you know that you have actual possession of the gift or when you take any action exercising direction or control over the gift, including discarding the gift or turning it over to another person. Anything given to a family member is presumed to be a gift to the official if "(1) there is no established relationship between the donor and the family member where it would generally be considered appropriate for the family member to receive the gift or; (2) the donor is someone who lobbies the District, is involved in an action before the District in which the official may foreseeably participate, or engages in business with the District in which the official will foreseeably participate (collectively "Interested Party"). The law with respect to officials accepting gifts is extensive; and therefore, additional policy rules and guidance is provided in Exhibit "A" attached and incorporated herein.

## **Expense Report Content and Submission Deadline**

All cash advance expenditures, credit card expenses and expense reimbursement requests must be submitted on an expense report form provided by the District.

Expense reports must document that the expense in question met the requirements of this policy. For example, if the meeting is with a legislator, the local agency official should explain whose meals were purchased, what issues were discussed and how those relate to the District's adopted legislative positions and priorities.

Officials must submit their expense reports within 30 days of an expense being incurred, accompanied by receipts documenting each expense. Restaurant receipts, in addition to any credit card receipts, are also part of the necessary documentation.

Inability to provide such documentation in a timely fashion may result in the expense being borne by the official.

## **Policy Violations**

Under state law, use of public resources or falsifying expense reports in violation of this Policy, may result in any or all of the following:

1. Loss of reimbursement and/or credit card use privileges;
2. Demand for restitution by the District;
3. The District's reporting the expenses to state and federal tax authorities as income to the Director, official, or employee;
4. Civil penalties of up to \$1,000 per day and three times the value of the resources used;
5. Criminal prosecution for misuse of public resources; and
6. Discipline in accordance with District policy and procedures, including termination of employment.

## **Audits of Expense Reports**

All expenses are subject to verification that they comply with this policy.

## **Reports to Governing Board**

At the District Board meeting, each official shall briefly report on any Brown Act meetings attended at District expense as well as any conferences, educational seminars or meetings with legislators or other governmental officials.

If multiple officials attended, a joint report may be made. The report may be made orally or in writing.

## **Compliance with Laws**

District officials should keep in mind that some expenditures may be subject to reporting under the Political Reform Act and other laws. All agency expenditures are public records subject to disclosure under the Public Records Act and other laws. For example, the District has an additional obligation to prepare an annual summary of expense reimbursements over \$100 and make those available for public disclosure. Cal. Gov't Code §53065.5. Furthermore, compliance with this policy does not relieve the District's Board from meeting the requirements of additional statutes, such as Brown Act requirements for gatherings that constitute meetings of the Board of Directors

## **Policy Review**

The Board of Directors shall review this policy at least annually at its October Board meeting, and the staff shall prepare a report on its implementation for consideration by the Board as part of the annual review.

## **Effective Date of Policy**

This policy reflects and updates existing District policy and shall take effect immediately upon approval. This policy does not cover every possible circumstance and may be updated periodically with supplements or addenda added between major updates. Such supplements or addenda shall be attached to the policy and distributed to all affected public officials of the District. This policy may also be supplemented by administrative rules or practices, formal and informal, which supply additional details for day-to-day implementation. This policy does not preclude the adoption or encompass every policy adopted by the Board affecting District employees or other District officials.

## **EXHIBIT "A"**

### **GIFTS**

#### **Limitations**

An official may not accept gifts from any single source Interested Party totaling more than \$300 in a calendar year.

### **Exceptions**

The following are not subject to any gift limit and are not required to be disclosed on a statement of economic interests (Form 700):

1. Gifts which you return (unused) to the donor, or for which you reimburse the donor, within 30 days of receipt.
2. Gifts which you donate (unused) to a non-profit, tax-exempt (501(c)(3)) organization or a government agency within 30 days of receipt without claiming a deduction for tax purposes.
3. Gifts from your spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, aunt, uncle, niece, nephew, or first cousin or the spouse of any such person, unless he or she is acting as an agent or intermediary for another person who is the true source of the gift.
4. Gifts of hospitality involving food, drink or occasional lodging which you receive in an individual's home when the individual or a member of his or her family is present.
5. Gifts approximately equal in value exchanged between you and another individual on holidays, birthdays, or similar occasions.
6. Informational material provided to assist you in the performance of your official duties, including books, reports, pamphlets, calendars, periodicals, videotapes, or free or discounted admission to informational conferences or seminars.

“Informational material” may also include scale models, pictorial representations, maps, and other such items, provided that if the item's fair market value is more than \$300, you have the burden of demonstrating that the item is informational. In addition, on-site demonstrations, tours, or inspections designed specifically for public officials are considered informational material, but this exception does not apply to meals or to transportation to the site unless the transportation is not commercially available.

7. A bequest or inheritance.
8. Personalized plaques and trophies with an individual value of less than \$250.
9. Tickets to attend fund raisers for campaign committees or other candidates, and tickets to fundraisers for organizations exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.
10. Free admission, refreshments, and similar non-cash nominal benefits provided to you at an event at which you give a speech, participate in a panel or seminar, or provide a similar service. Transportation within California, and any necessary lodging and subsistence provided directly

in connection with the speech, panel, seminar, or service, are also not considered gifts. For outside of California, see Section 2 of Reportable Payments Not Subject to Limit below.

11. Passes or tickets which provide admission or access to facilities, goods, services, or other benefits (either on a onetime or repeated basis) that you do not use and do not give to another person
12. Gifts provided directly to members of your family unless you receive direct benefit from the gift or you exercise discretion and control over the use or disposition of the gift. (Note: In most cases, the full amount of a gift made to you and your spouse must be counted for purposes of disclosure and the gift limits. However, see the discussion below.)
13. Gifts provided to the District. This may include passes or tickets to facilities, goods, or services, travel payments, and other benefits. However, certain conditions must be met before a gift received by an official through his or her agency would not be considered a gift to the official. Contact the California Fair Political Practices Commission (“FPPC”) for detailed information.
14. Generally, payments made by a third party to co-sponsor an event that is principally legislative, governmental or charitable in nature. Payments made by a single source totaling \$5,000 or more in a calendar year for this type of event must be reported if the payments are made at the behest of (at the request of, or in consultation or coordination with) an elected official. The report must be made to the elected official’s agency, and then forwarded to the office that maintains the elected official’s campaign disclosure statements.
15. Food, shelter, or similar assistance received in connection with a disaster relief program. The benefits must be received from a governmental agency or charity (501 (c)(3)) and must be available to the general public.

### **Reportable Gifts Not Subject to Limits**

**The following exceptions are also applicable to gifts, but you may be required to report these items on a statement of economic interests and they can subject you to disqualification:**

1. Certain payments for transportation, lodging, and subsistence are not subject to gift limits but may be reportable. Travel payments are discussed below.
2. Wedding gifts are not subject to the gift limit but are reportable. For purposes of valuing wedding gifts, one-half of the value of each gift is attributable to each spouse, unless the gift is intended exclusively for the use and enjoyment of one spouse, in which case the entire value of the gift is attributable to that individual.
3. A prize or award received in a bona fide competition not related to your official status is not subject to the gift limit, but must be reported as income if the value of the prize or award is \$250 or more.
4. Passes or tickets which provide admission or access to facilities, goods, services, or other benefits are reportable and subject to the gift limit if you use them or give them to another person.

- The value of a pass or ticket which provides one-time admission is the face value of the pass or ticket, or the price which would be offered to the general public.
- The value of a pass or ticket which provides repeated admission or access to facilities, goods, services, or other benefits is the fair market value of your actual use of the pass or ticket, including guests who accompany you and who are admitted with the pass or ticket, plus the fair market value of any possible use by any person to whom you transfer the privilege or use of the pass or tickets.

## **HONORARIA**

### **The Prohibition**

An official may not accept honoraria payments.

### **What is an “Honorarium”?**

An “honorarium” is any payment made in consideration for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering.

A “speech given” means a public address, oration, or other form of oral presentation, including participation on a panel, seminar, or debate.

An “article published” means a nonfictional written work: 1) that is produced in connection with any activity other than the practice of a bona fide business, trade, or profession; and 2) that is published in a periodical, journal, newspaper, newsletter, magazine, pamphlet, or similar publication.

“Attendance” means being present during, making an appearance at, or serving as host or master of ceremonies for any public or private conference, convention, meeting, social event, meal, or like gathering.

### **Exceptions**

There are certain exceptions to the prohibition on honoraria. The payments described below are not prohibited and are not required to be disclosed on a statement of economic interests (Form 700):

1. An honorarium which you return (unused) to the donor or the donor’s agent or intermediary within 30 days.
2. An honorarium which is delivered to your government agency within 30 days for donation to the agency’s general fund or equivalent account for which you do not claim a deduction for income tax purposes.
3. A payment which is not delivered to you but is made directly to a bona fide charitable,

educational, civic, religious, or similar tax-exempt, non-profit organization. However:

- You may not make the donation a condition for your speech, article, or attendance;
  - You may not claim the donation as a deduction for income tax purposes;
  - You may not be identified to the non-profit organization in connection with the donation; and
  - The donation may have no reasonably foreseeable financial effect on you or on any member of your immediate family.
4. A payment received from your spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person. However, a payment which would be considered an honorarium is prohibited if one of these persons is acting as an agent or intermediary for someone else.
  5. Items 6, 8, and 10 under Exceptions to the definition of gift indicated on pages 1 and 2 hereof.

### **Honoraria Exceptions Which May Be Reportable**

The following payments are not considered “honoraria” but may be reportable and can subject a public official to disqualification:

1. Payments received for a comedic, dramatic, musical, or other similar artistic performance, and payments received for the publication of books, plays, or screenplays. However, such payments are reportable income.
2. Income earned for your personal services if the services are provided in connection with a bona fide business, trade, or profession such as teaching, practicing law, medicine, insurance, real estate, banking, or building contracting and the services are customarily provided in connection with the business, trade, or profession.

This exception does not apply if the sole or predominant activity of the business, trade, or profession is making speeches. In addition, you must meet certain criteria to establish that you are practicing a bona fide business, trade, or profession (such as maintenance of business records, licensure, proof of teaching post) before a payment received for personal services which may meet the definition of honorarium would be considered earned income and not an honorarium.

Earned income is required to be reported. Contact the FPPC for detailed information.

3. Free admission, food, beverages, and other non-cash nominal benefits provided to you at any public or private conference, convention, meeting, social event, meal, or similar gathering, whether or not you provide any substantive service at the event. Although these items are not considered honoraria, they may be reportable gifts and subject to the gift limit.
4. Certain payments for transportation, lodging, and subsistence are not considered honoraria, but

may be reportable and subject to the gift limit. Travel payments are discussed below.

### **Travel Payments**

There are certain exceptions to the gift limit and honoraria prohibition for certain types of travel payments.

The term “travel payment” includes payments, advances, or reimbursements for travel, including actual transportation and related lodging and subsistence.

### **Exceptions Not Subject to Limits or Reporting**

The following types of travel payments are not subject to any limit and are not reportable on a statement of economic interests:

1. Transportation within California provided to you directly in connection with an event at which you give a speech, participate in a panel or seminar, or provide a similar service.
2. Free admission, refreshments, and similar non-cash nominal benefits provided to you during the entire event (inside or outside California) at which you give a speech, participate in a panel or seminar, or provide a similar service.
3. Necessary lodging and subsistence (inside or outside California), including meals and beverages, provided to you directly in connection with an event at which you give a speech, participate in a panel or seminar, or provide a similar service. However, in most cases, the exclusion for meals and beverages is limited to those provided on the day of the activity.
4. Travel payments provided to you by the District or by any state, local, or federal government agency which would be considered income and not a gift (i.e., payments for which you provide equal or greater consideration).
5. Reimbursements for travel expenses provided to you by a bona fide non-profit, tax-exempt (501(c)(3)) entity for which you provide equal or greater consideration.
6. Travel payments provided to you directly in connection with campaign activities. However, these payments must be reported in accordance with the campaign disclosure provisions of the Act.
7. Any payment which is excluded from the definition of “gift” as described earlier in this fact sheet.

### **Reportable Payments Not Subject to Limit**

The following travel payments are not subject to the gift limit but may be reportable on a statement of economic interests (Form 700, Schedule F):

1. Travel which is reasonably necessary in connection with a bona fide business, trade, or profession, and which satisfies the criteria for federal income tax deductions for business

expenses specified in Sections 162 and 274 of the Internal Revenue Code. For reporting purposes, these travel payments would be considered part of the salary, wages, and other income received from the business entity and would be reported on Schedule C of Form 700.

2. Travel within the United States which is reasonably related to a legislative or governmental purpose or to an issue of state, national, or international public policy in connection with an event at which you give a speech, participate in a panel or seminar or provide a similar service. Lodging and subsistence expenses in this case are limited to the day immediately preceding, the day of, and the day immediately following the speech, panel, or other service.

Note that this exception is different than travel payments described earlier. Under the circumstances described in this paragraph, transportation outside California but within the United States is not subject to the \$300 gift limit but is reportable and can subject a public official to disqualification. On the other hand, transportation inside California in connection with a speech is neither limited nor reportable.

In addition, the lodging and subsistence payments described in this paragraph can be provided both the day before and the day after a speech without being subject to the \$300 limit. However, lodging and subsistence payments *are reportable* unless they are received directly in connection with the event.

3. Travel not in connection with giving a speech, participating in a panel, or seminar or providing a similar service but which is reasonably related to a legislative or governmental purpose or to an issue of state, national, or international public policy and which is provided by:
  - A government, governmental agency, foreign government, or government authority;
  - A bona fide public or private educational institution defined in Section 203 of the Revenue and Taxation Code;
  - A nonprofit organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code; or
- A foreign organization that substantially satisfies the requirements for tax exempt status under Section 501(c)(3) of the Internal Revenue Code.