

## California Fair Political Practices Commission

# **Tickets to Non-Profit and Political Fundraising Events**

---

This fact sheet is created to help public officials determine whether a ticket or invitation to a non profit's fundraising event is subject to gift limits and reporting. In response to public input, Regulation 18946.4 was recently revised to help simplify the rules and make them easier to apply. The rules continue to ensure that public officials are not unduly influenced by persons that appear before the official's agency.

### **Tickets to 501(c)(3) and Political Fundraisers**

The regulation allows 501(c)(3) organizations and political committees to provide two tickets for a fundraising event to an official that are deemed to have no value and which are not reportable by the official or the person accompanying the official. Additional tickets, or tickets provided by another person, are reportable and subject to the gift limit and valued at the non-deductible portion of admission (the part that is not the donation). If there is no ticket, or the ticket or other admission privilege has no stated price or no stated donation portion, the value of the gift is the pro-rata share of the food, catering services, entertainment, and any other item or benefit provided to those attending the event (such as a gift basket).

*Before the amendments, an official could only receive one no-value ticket and the cumulative value of the non-deductible portion was subject to the gift limit.*

### **Non-Profit Organization Fundraiser (other than a 501(c)(3))**

#### Valuation General Rule:

The reportable value of a single ticket provided by a non-profit organization holding the fundraiser is the non-deductible portion of admission (the part that is not the donation).

If there is no ticket, or the ticket or other admission privilege has no stated price or no stated donation portion, the value of the gift is the pro-rata share of the food, catering services, entertainment and any other item or benefit provided to those attending the event. The value of the ticket or admission is reportable and subject to the gift limit. The valuation method for these events was not changed in 2012.

#### Drop-in Exception:

If an official and guest accompanying the official "drops in" at an event and does not consume any meal or stay for the entertainment and consumes only minimal appetizers and drinks, there is no reportable gift unless the official received some other specific item of value at the event. Note: the exception only applies to drop-ins, and cannot be used for attending an entire event where only appetizers and drinks are served.

- State Officials (written notice rule): When an event is hosted by a lobbyist, lobbying firm or lobbyist employer the state official must provide the host, in

writing, notification that he/she did not stay for the event and thus may value the gift under the "drop-in" rule described above. If a written notification is not provided, the reportable value is the pro-rata share of the food, catering service, entertainment, and any additional item provided to all attendees at the event.

### **Frequently Asked Questions**

1. Q. An official receives a fundraiser ticket from a 501(c)(3) charitable organization. The face value (price) of the ticket is \$500, and the ticket states that the tax deductible portion is \$350. If the official accepts the ticket, what must be reported?
  - A. The ticket is a gift, but it has no value to report on the Statement of Economic Interests (Form 700) so long as it's used for the official's own attendance at the fundraiser. In addition, the official may receive a second ticket for his or her guest attending the event, without a reporting obligation. The second ticket is not reportable by the guest either.
2. Q. What if someone, such as a business associate, purchases a table at a non-profit fundraiser and offers an official a seat at the table?
  - A. If another person or entity provides a ticket it is a gift and subject to the gift limit. The value is the non-deductible portion on the ticket. If there is no declared face value, then the value is the pro-rata share of the food, catering service, entertainment, and any additional item provided to all attendees at the event. The "no value" exception only applies if the official receives tickets for his or her own use and only from the 501(c)(3) organization directly.
3. Q. An agency employee who holds a position designated in the conflict-of-interest code is given a fundraiser ticket from an organization or entity not of the type listed in the agency's code. Is the agency employee required to report the value?
  - A. No. A ticket or any other gift may be accepted under these circumstances without limit or reporting obligations. Note: agencies must ensure the conflict-of-interest code adequately addresses potential conflicts of interests.
4. Q. A 501(c)(3) organization provides a ticket to an official for its fundraising event. The organization seats the official at a table purchased by a business entity. Does the official have to report the ticket?
  - A. No. So long as the ticket is provided directly by the 501(c)(3) organization to the official, the event is not reportable.

5. Q. An official receives a ticket to attend a political fundraiser held in Washington D.C. from a federal committee. Is the official required to disclose the ticket as a gift, and is it subject to the gift limit?
- A. No. The value of the ticket is not a gift so long the official personally uses the ticket.
6. Q. A political party committee is holding a political fundraiser at a golf course and a round of golf is included. If the committee provides an elected official a ticket, is the ticket reportable?
- A. No. As long as the official uses the ticket for his or her own use. If someone other than the political party provides a ticket, the full cost of the ticket is a gift.
7. Q. If a business entity offers an official a ticket, or a seat at a table that was purchased for a political fundraiser, what is the value?
- A. The value is the face value of the ticket price to the event. If there is no ticket, the value is the official's pro-rata share of the cost to purchase a table. If a premium or sponsorship table was purchased, the value is the pro-rata share of the food, catering services, entertainment, and any additional benefits provided to attendees. An official does not need to value additional benefits provided only to the person or entity that purchased the table, such as program advertisements, so long as it does not result in a personal benefit to the official.
8. Q. If an official attends a fundraising event that serves only appetizers and drinks, is it considered a "drop-in" no matter how long the official stays or how many appetizers or drinks are consumed?
- A. The focus of the food and beverages "drop-in" exception is on the nature of the particular official's attendance and consumption, not on the event as a whole. For example, if an official attends an event that serves only appetizers and drinks but stays for more than a few minutes and consumes more than "de minimis" appetizers and drinks, the "drop-in" exception does not apply. This is determined on a case-by-case basis.
9. Q. A 501(c)(4) organization is holding a fundraiser at a professional sporting event. Tickets to this sporting event are sold out and it appears that tickets are only available at a substantially higher price than the stated non-deductible value of the ticket provided by the organization. If an official attends the event, what is the value of the gift?
- A. The official may value the event at the non-deductible amount stated on the ticket.

- 10.Q. An official receives a ticket to a fundraiser, and if accepted, the ticket will result in a reportable gift or a gift over the current gift limit. What are the options?
- A. The official may reimburse the entity or organization that provided the ticket for the amount over the gift limit (or pay down the value to under the \$50 gift reporting threshold if the official does not want to disclose the ticket). Reimbursement must occur within 30 days of receipt of the ticket. A candidate or elected official may use campaign funds to make the reimbursement if there is a political, legislative, or governmental purpose for the payment. A ticket that is not used and not given to another person is not considered a gift to the official.

For further clarification, or to help determine whether a gift is reportable and subject to limits, please email your questions to: [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov).

***Statutory and Regulatory Authority***

Government Code Sections: 82028, 86201, 86203, 87103, 87207, 87302, 89501-89506  
Regulations: 18640, 18946, 18946.4