



Los Angeles City Ethics Commission

April 19, 2016

The Honorable City Council
c/o Holly Wolcott, City Clerk
200 North Spring Street
City Hall—3rd Floor
Los Angeles, CA 90012

Re: Amendments to Ticket Policy

FOR COUNCIL CONSIDERATION
Action Required by June 20, 2016

Dear Councilmembers:

Today, the Ethics Commission voted unanimously to adopt technical amendments to the City's ticket policy, to reflect recent changes in state law. The amendments are explained in more detail below in Section B, and the Ethics Commission urges you to approve them.

The Los Angeles City Charter (Charter) requires the City Council to take prompt action regarding regulations amended by the Ethics Commission. A public hearing must be held and action to approve without modification or disapprove an amendment must be taken within 60 days of the date the Ethics Commission adopts it. Charter § 703(b). Therefore, the deadline for action on these amendments is June 20, 2016. *See* Charter § 106(a).

A. Background

State law authorizes the City to adopt a policy regarding tickets and passes that are distributed by City agencies to City personnel and others. *See* 2 Cal. Code Regs. § 18944.1. If adopted in accordance with state law, a ticket policy clarifies when tickets and passes issued under the policy are considered gifts to City officials for purposes of state and City laws.

The Ethics Commission approved a Citywide ticket policy on April 21, 2015, and recommended to the City Council that it be incorporated into the Los Angeles Administrative Code (LAAC). The City Council concurred, and the policy became effective on August 4, 2015. A copy of the existing policy (LAAC §§ 24.51–24.55) is provided in Attachment A.

On December 17, 2015, the Fair Political Practices Commission (FPPC) approved a change to state law regarding the disclosure of tickets. When a City agency distributes a ticket or pass, it must disclose the distribution on state Form 802. 2 Cal. Code Regs. § 18944.1(f); LAAC § 24.54. Originally, the state required every Form 802 to be forwarded to the FPPC for posting on the FPPC's website. *See* former 2 Cal. Code Regs. § 18944.1(d). The FPPC modified that requirement on December 17 to require a government entity to post its own Form 802s and to

simply provide the FPPC with a link to the public postings. 2 Cal. Code Regs. § 18944.1(f)(4). A copy of the revised regulation, which became effective on February 13, 2016, is provided in Attachment B.

B. Adopted Amendments

The City's ticket policy currently requires each City agency to file copies of its Form 802 with both the Ethics Commission and the FPPC. To reflect the recent change in state law, the Ethics Commission adopted the following amendments to LAAC § 24.54(b):

The Ticket Administrator shall file ~~copies~~ a copy of the form with the Ethics Commission ~~and the state's Fair Political Practices Commission~~ within 30 days after the ticket or pass is distributed. The Ethics Commission shall post the form on its website and notify the state's Fair Political Practices Commission of the website link where the forms are posted.

In addition, because the state regulation has been renumbered, the Ethics Commission adopted an amendment to replace the reference to "Section 18944.1(d)" with "Section 18944.1(f)" in the introductory paragraph of LAAC § 24.54.

As a side note, the Ethics Commission has already complied with the posting requirement in the new state regulation. The Form 802s that have been filed with us are accessible through the Governmental Ethics page of our website.

C. Conclusion

To reflect a recent change in state law, the Ethics Commission has adopted the technical amendments described in Section B and urges you to approve them. The Charter requires City Council action to approve without modification or disapprove the amendments by June 20, 2016.

If you have questions, please feel free to contact me or Policy Director Nathan Hardy at (213) 978-1960. We would be happy to talk with you any time.

Sincerely,



Heather Holt
Executive Director

Attachments:

- A Ticket Policy (LAAC §§ 24.51–24.55)*
- B 2 Cal. Code Regs. § 18944.1, effective 2/13/2016*

Ticket Distribution & Disclosure Policy

Los Angeles Administrative Code Division 24, Chapter 5

SEC. 24.51 Authority

This chapter is adopted pursuant to section 18944.1 of Title 2 of the California Code of Regulations as the written ticket distribution policy for every agency. This chapter governs the distribution of tickets and passes by all agencies and supersedes any ticket distribution policy or procedures adopted by any agency.

SEC. 24.52 Definitions

The following terms have the meanings identified below. Other terms used in this Chapter have the meanings identified in the California Political Reform Act of 1974 and the related regulations of the California Fair Political Practices Commission.

- a. "Agency" has the meaning in Municipal Code Section 49.5.2(A). For purposes of this Chapter, each City Council district is a separate agency.
- b. "City official" has the meaning in Municipal Code Section 49.5.2(C).
- c. "Pass" means a ticket that provides repeated access, entry, or admission to a facility or series of events and for which similar passes are sold or provided to the public.
- d. "Restricted source" has the meaning in Municipal Code Section 49.5.2(J).
- e. "Ticket" means anything that provides access, entry, or admission to a specific facility or a specific future event, show, or performance for an entertainment, amusement,

recreational, or similar purpose if similar tickets are sold or provided to the public to view, listen to, or otherwise take advantage of the attraction or activity. A ticket includes any benefits that the ticket provides. A ticket may be acquired pursuant to the terms of a contract, obtained because the City controls the event, purchased by the City, received from an agency, or received from an outside source.

- f. "Ticket Administrator" means an agency's general manager or chief administrative officer, or that person's designee. For elected offices, the chief administrative officer is the elected City official.

SEC. 24.53 Application

A ticket or pass is not a gift to a City official, including an individual who accepts the ticket or pass on behalf of an agency, in either of the following scenarios:

- a. The ticket or pass is income, consistent with federal and state income tax laws, and the agency reports the ticket or pass as income to the official in accordance with Section 24.54; or
- b. All of the following apply:
 1. The distribution of the ticket or pass accomplishes one or more of the following public purposes:
 - i. Promoting industry, employment, tourism, or economic development in the City.

- ii. Furthering the agency's work, mission, or duties.
 - iii. Promoting cultural, artistic, educational, recreational, or community activities in the City.
 - iv. Encouraging or recognizing significant academic, athletic, or public achievements.
 - v. Attracting or retaining highly qualified City employees, officials, or volunteers.
 - vi. Recognizing the meritorious service of current or former City employees, officials, or volunteers.
 - vii. Facilitating a City official's familiarity with or ability to carry out City duties related to the management, administration, or care of a City facility or event.
2. The Ticket Administrator distributes the ticket or pass to the City official for the official's use, for use by a member of the official's immediate family, or for use by no more than one guest.
 3. The Ticket Administrator, in his or her sole discretion, determines who will receive the ticket or pass.
 4. An outside source has not earmarked the ticket or pass for a specific City official.
 5. The distribution of the ticket or pass is disclosed in accordance with Section 24.54.

**SEC. 24.54
Disclosure**

The Ticket Administrator shall disclose the distribution in accordance with Section 18944.1(d) of Title 2 of the California Code of Regulations, on a form provided by the Fair Political Practices Commission.

- a. The Ticket Administrator shall maintain the original form as a public record.
- b. The Ticket Administrator shall file copies of the form with the Ethics Commission and the state's Fair Political Practices Commission within 30 days after the ticket or pass is distributed.
- c. The Ticket Administrator shall file amendments to the form within 10 days after the issue that necessitates the amendment occurs.

**SEC. 24.55
General Provisions**

- a. In addition to personally using one ticket or pass, a City official may transfer one ticket or pass to each member of the City official's immediate family or to one guest, solely for that individual's attendance at the event. A City official shall not sell or receive consideration for the value of a ticket or pass.
- b. The Ticket Administrator may create ticket distribution procedures that are consistent with this Chapter.
- c. A benefit that a City official receives from a ticket or pass may be a gift to the official if the benefit is not provided to all members of the public with the same class of ticket or pass.
- d. A City official may not solicit or accept a ticket or pass in exchange for performing an official City act. A City

official may not solicit a ticket or pass from a restricted source to that official. If an elected City official behests a ticket or pass, additional reporting may be required.

- e. An agency may distribute an unlimited number of tickets or passes to non-City entities and to individuals who are not City officials, including City employees and volunteers. All tickets and passes that an agency distributes

must comply with this Chapter and be disclosed under Section 24.54.

- f. The receipt or use of a ticket or pass under this Chapter is a privilege extended by the City and is not the right of any person to whom the privilege is extended.
- g. A violation of this Chapter is subject to the penalties and remedies in Charter Section 706 and Municipal Code Sections 49.5.16 and 49.5.17.

1 Amend 2 Cal Code Regs., Section 18944.1 to read:

2 **§ 18944.1. Gifts: Agency Provided Tickets or Passes.**

3 (a) Application. For purposes of this regulation the terms “ticket” and “pass,” as defined
4 in Regulation 18946, apply solely to an admission to a facility, event, show, or performance for
5 an entertainment, amusement, recreational, or similar purpose provided by an agency to, or at the
6 behest of, an official of that agency, other than an admission provided to a school, college or
7 university district official, coach, athletic director, or employee to attend an amateur event
8 performed by students of that school, college, or university district or an admission identified in
9 Regulation 18942(a)(13) ~~(12)~~. The provisions of this regulation apply only to the benefits the
10 official receives from the ticket or pass that are provided to all members of the public with the
11 same class of ticket or pass.

12 (b) ~~(a)(1)~~ Ticket or Pass Treated as Income. A ticket or pass is not subject to the
13 provisions of this regulation, if the official treats the ticket or pass as income consistent with
14 applicable state and federal income tax laws and the agency reports the distribution of the ticket
15 or pass as income to the official in compliance with the reporting provisions of subdivision (f)
16 ~~(d)~~ below.

17 (c) ~~(2)~~ Public Purpose. Any ticket or pass acquired by the agency under subdivision
18 (d)(2) ~~(b)(2)~~ and distributed to an official for his or her personal use, other than an elected
19 official or member of the legislative or governing body of the agency, ~~for the official's personal~~
20 ~~use~~, to support general employee morale, retention, or to reward public service is deemed to
21 serve a public purpose, and any tickets distributed to an official for such purpose must shall be
22 reported as described under subdivision (f)(3) ~~(d)(3)~~. For purposes of this paragraph, “personal
23 use” means use by the official, his or her family, or no more than one guest. The legislative or

1 governing body of an agency, or, if none, the agency head determines whether the distribution of
2 tickets or passes serves a legitimate public purpose of the agency, consistent with state law.

3 ~~(d)~~ (b) Equal or Greater Value. The official will meet the burden under Section 82028
4 that equal or greater value has been provided in exchange for the ticket or pass if the official
5 reimburses the agency for the ticket or if all of the following requirements are met:

6 (1) For a ticket or pass the agency receives from an outside source, other than as provided
7 in subdivision ~~(d)(2)~~ ~~(b)(2)~~:

8 (A) The ticket or pass is not earmarked by the outside source for use by the agency
9 official who uses the ticket or pass;

10 (B) The agency determines, in its sole discretion, who uses the ticket or pass.

11 (C) The distribution of the ticket or pass by the agency is made in accordance with a
12 policy adopted by the agency that incorporates all of the provisions of subdivision ~~(e)~~ ~~(e)~~ below.

13 (2) For a ticket or pass the agency obtains (i) pursuant to the terms of a contract for use of
14 public property, (ii) because the agency controls the event (such as a state or county fair), or (iii)
15 by purchase at fair market value, the distribution of the ticket or pass is made in accordance with
16 a policy adopted by the agency that incorporates all of the provisions of subdivision ~~(e)~~ ~~(e)~~ below.

17 ~~(e)~~ ~~(e)~~ Agency Ticket/Pass Distribution Policy. Any distribution of a ticket or pass under
18 this regulation to, or at the behest of, an agency official must be made pursuant to a written
19 agency ticket distribution policy, duly adopted by the legislative or governing body of the agency
20 or, if none, the agency head that contains, at a minimum, all of the following:

21 (1) A provision setting forth the public purposes of the agency for which tickets or passes
22 may be distributed.

1 (2) A provision requiring that the distribution of any ticket or pass to, or at the behest of,
2 an agency official accomplishes a stated public purpose of the agency.

3 (3) A provision prohibiting the transfer of any ticket received by an agency official
4 pursuant to the distribution policy except to members of the official's immediate family or no
5 more than one guest solely for their attendance at the event.

6 (4) The policy must be maintained as a public record and is subject to inspection and
7 copying under Section 81008. The agency must post the policy on its website within 30 days of
8 adoption or amendment and send to the Commission by e-mail the agency's website link that
9 displays the policy so that the Commission may post the link.

10 ~~(d) Public Posting. A record of a ticket or pass distributed pursuant to this regulation,~~
11 ~~must be completed, on a form provided by the Commission. The form must be maintained as a~~
12 ~~public record, be subject to inspection and copying under Section 81008(a), and be forwarded to~~
13 ~~the Commission for posting on its website.~~

14 (f) Reporting. Within 45 days of distribution of a ticket or pass, the distribution must be
15 reported on a form provided by the Commission.

16 (1) Except as provided in paragraphs (2) and (3) below, the information must include the
17 following:

18 (A) The name of the person receiving the ticket or pass;

19 (B) A description of the event;

20 (C) The date of the event;

21 (D) The face value of the ticket or pass;

22 (E) The number of tickets or passes provided to each person;

23 (F) If the ticket or pass is behested, the name of the official who behested the ticket; and

1 (G) A description of the public purpose under which the distribution was made or,
2 alternatively, that the ticket or pass was distributed as income to the official.

3 (2) If the ticket or pass is distributed to an organization outside the agency, the agency
4 must report ~~shall post~~ the name, address, description of the organization, and the number of
5 tickets or passes provided to the organization in lieu of reporting ~~posting~~ the names of each
6 individual from the organization as otherwise required in paragraph (1) above;

7 (3) If the ticket or pass is distributed pursuant to subdivision (d) ~~(b)~~ the agency may
8 report ~~post~~ the name of the department or other unit of the agency and the number of tickets or
9 passes provided to the department or other unit in lieu of reporting ~~posting~~ the name of the
10 individual employee as otherwise required in paragraph (1) above;

11 (4) The forms must be maintained as public records and are subject to inspection and
12 copying under Section 81008(a). The agency must post the form, or a summary of the
13 information on the form, on its website and send to the Commission by e-mail the agency's
14 website link that displays the form so that the Commission may post the website link.

15 ~~(e) The Commission recognizes the discretion of the legislative or governing body of an~~
16 ~~agency or, if none, the agency head to determine whether the distribution of a ticket or pass~~
17 ~~serves a legitimate public purpose of the agency, provided the determination is consistent with~~
18 ~~state law.~~

19 ~~(f) The provisions of this regulation apply only to the benefits the official receives that~~
20 ~~are provided to all members of the public with the same class of ticket.~~

21 Note: Authority cited: Section 83112, Government Code. Reference: Section 82028,
22 Government Code.

12/17/2015

4

18944.1 Amend