

FACT SHEET ON ACCEPTING TRAVEL EXPENSES

The City's ethics ordinance includes City laws regarding the acceptance of the gift of travel expenses. This fact sheet is designed to offer general guidance to city officials about accepting travel expenses but should not be considered a substitute for the actual language contained in state and local law.

There are three things to consider with paid travel expenses: the limit on gifts, financial disclosure, and potential disqualification. How to handle paid travel expenses will depend on several factors, including the payment source, the purpose of the travel, the event location, the cost, and the official's role at the event.

THE ANNUAL GIFT LIMIT AND THE PUBLIC PURPOSE EXCEPTION

- ❖ Most importantly, City officials are prohibited from receiving gifts (including travel expenses) totaling more than \$630 in a calendar year from a reportable source. A gift is not considered received or accepted if the official reimburses the donor or donor's intermediary for the gift within 30 days.
- ❖ Certain paid travel expenses (transportation, lodging, and meals) are excluded from the annual gift limit, such as travel for a public purpose.

There are two ways to qualify under the public purpose exception:

Domestic Events Only: The official gives a speech, serves on a panel, or other substantive service AND the official's travel is related to a legislative or governmental purpose or an issue of state, national, or international policy; OR

Domestic and International Events: The travel is paid for by: (i) a foreign government; (ii) a government agency other than the official's; (iii) an educational institution, or (iv) an IRC § 501(c)(3); AND the official's travel is related to a legislative or governmental purpose or an issue of state, national, or international policy.

If either set of circumstances is met, the official:

- May accept the travel payments.
- Receive a gift exemption from the gift limit of \$630 from a single source in a calendar year.
- Must report the gift on Form 700 if the payment is from a reportable source.
- May have a disqualifying financial interest in the source of the gift(s)

SCHEDULE E REPORTING

- ❖ City Officials should use Schedule E of their Form 700 to disclose travel expenses paid by a reportable source. Travel payments paid or reimbursed by the City do not need to be disclosed. If an entity other than the City pays or reimburses a City Official for travel, that payment may be considered a reportable gift, a reportable form of income, or not require reporting, depending on the circumstances.

CONFLICT OF INTEREST DISQUALIFICATION

- ❖ The Political Reform Act and the City's Ethics Ordinance prohibit officials from making, participating in making, or using their position to influence the outcome of a governmental decision involving the donor of a gift or gifts with an aggregate value of \$630 or more provided to, received by, or promised to the official within the 12 months before the date the decision is made.
- ❖ If travel expenses are a gift or income, the official may be required to recuse from any decision that will foreseeably have a material financial effect on the source of travel expenses. This prohibition includes a source of travel payments, even if the payments are exempt from the \$630 gift limit.

For additional information, please contact the ethics commission at (619) 533-3476.

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