



FACT SHEET ON ACTIVITY EXPENSES

The City's Lobbying Ordinance requires the disclosure of information relating to lobbying efforts, including all forms of compensation paid by lobbying firms and organization lobbyists to city officials and members of their families. This fact sheet is designed to explain the rules surrounding such compensation, referred to in the lobbying ordinance as an "activity expense." It offers general guidance with regard to these rules but should not be considered a substitute for the actual language contained in the lobbying ordinance.

Activity Expense Defined

- ❖ An activity expense means any payment made to, or on behalf of, any city official or any member of a city official's immediate family, by a lobbyist, a lobbying firm, or an organization lobbyist.
 - ✓ An activity expense includes gifts, meals, consulting fees, salaries, and any other form of compensation.
 - ✓ For example, if an organization lobbyist provides a paid internship to the dependent son of a city official, that entity is making an activity expense.
 - ✓ Note that campaign contributions are not activity expenses.
- ❖ The term "city official" means any city officer or employee who would be required to be identified in a quarterly disclosure report if the subject of a lobbying effort.
- ❖ A city official's immediate family means his or her spouse or registered domestic partner, and any dependent children.

Reporting Activity Expenses

- ❖ When a lobbyist or lobbying entity makes an activity expense of \$10 or more, that expense must be itemized on Schedule B of the relevant quarterly disclosure report.
- ❖ Schedule B must contain all of the following information regarding an activity expense: the payment date(s); the payment amount; a description of the expense; the name, title, and department of the city official who benefitted (or whose family member benefitted) from the payment; the name of the lobbyist(s) in the firm or organization who participated in making the payment; the recipient of the payment; and the name of the client (if any) on whose behalf the payment was made.
- ❖ Lobbying firms and organization lobbyists must make a good faith effort to disclose the specific amount of the payment(s).
 - ✓ If the lobbying entity employs a city official's spouse, for example, it must calculate the total salary and related benefits (including health insurance, retirement benefits, bonuses, etc.) paid to the spouse during the reporting period.
 - ✓ Note that a separate provision of the lobbying ordinance obligates the entity to notify the City Clerk within 10 calendar days of hiring a member of a city official's family.

Gift Rules

- ❖ Activity expenses also include gifts. Gifts, however, are typically not reportable on Schedule B because of the \$10 gift limit, or because of an exception to the definition of a reportable gift.
- ❖ Lobbyists, lobbying firms, and organization lobbyists are prohibited from giving gifts to city officials more than \$10 per month. When completing their quarterly reports, lobbying entities are only required to report individual activity expenses that exceed \$10 in value. Because of the gift limit, lobbying entities should have no gifts to report on Schedule B.
- ❖ In addition, certain types of items, including those worth more than \$10, are subject to a gift exception in the lobbying ordinance and are not reportable on Schedule B.
 - ✓ For example, if an organization lobbyist gives a city official a plaque valued at less than \$250, it is not considered a “gift” and therefore isn’t reportable as an activity expense.
 - ✓ Invitations to events (for example, annual dinners, fundraising events) held for non-profit entities are also subject to a gift exception. Inviting city officials to such events do not require Schedule B reporting.
- ❖ Gifts from lobbyists are discussed more fully in the ethics commission’s fact sheet on gifts from lobbyists. Lobbying entities are also encouraged to obtain assistance from the commission before giving anything to a city official that might be considered a reportable gift.
- ❖ For additional information, please contact the ethics commission at (619) 533-3476 or ethicscommission@sandiego.gov.

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