



## FACT SHEET ON ACCEPTING TICKETS AND INVITATIONS

The City’s Ethics Ordinance includes laws regarding the acceptance of tickets and invitations to events. (For information concerning gifts in general, please refer to the Ethics Commission’s “Fact Sheet on Gifts to City Officials.”) This fact sheet is designed to offer general guidance, but should not be considered a substitute for the actual language contained in the Ethics Ordinance.

- ❖ Use the chart below for guidance on valuing tickets and invitations. Refer to the remainder of this Fact Sheet for additional information regarding the rules for different types of events.
- ❖ When using the valuation rules in the chart below, be sure to include the value of any tangible item you receive at the event that is not provided to all the other attendees at the event.

	<b><u>TICKETED EVENT</u></b>	<b><u>INVITATION-ONLY EVENT</u></b>
	<b>General Rule:</b> Face value of ticket	Pro rata cost of entire event
Updated ↳	<b>Political Fundraiser:</b> (if admission is provided by the host candidate or political committee) No reportable value (exemption is limited to <u>one ticket</u> per event)	No reportable value (exemption is limited to <u>one ticket</u> per event)
Updated ↳	<b>Political Fundraiser:</b> (if admission is <u>not</u> provided by the host candidate or political committee) Face value of ticket	Pro rata cost of entire event
Updated ↳	<b>501(c)(3) Fundraiser:</b> (if admission is provided by the 501(c)(3) organization) No reportable value (exemption is limited to <u>one ticket</u> per event; see below for additional restrictions)	No reportable value (exemption is limited to <u>one ticket</u> per event; see below for additional restrictions)
Updated ↳	<b>501(c)(3) Fundraiser:</b> (if admission is <u>not</u> provided by the 501(c)(3) organization) Face value of ticket	Pro rata cost of entire event
	<b>Nonprofit Fundraiser:</b> (other than a 501(c)(3) fundraiser; admission is provided by the non-profit organization) Face value of ticket, minus donation stated on ticket. If no face value or donation amount, then value is the pro rata cost of food and beverages	Face value of ticket, minus donation stated on ticket. If no face value or donation amount, then value is the pro rata cost of food and beverages
Updated ↳	<b>Nonprofit Fundraiser:</b> (other than a 501(c)(3) fundraiser; admission is <u>not</u> provided by the nonprofit organization) Face value of ticket	Pro rata cost of entire event
	<b>Testimonial Event:</b> (held in your honor) Pro rata cost of entire event	Pro rata cost of entire event
	<b>Testimonial Event:</b> (held for someone else) Face value of ticket	Pro rata cost of entire event
	<b>Ceremonial Role:</b> No reportable value for official and official’s immediate family	Cost of any food and beverages provided to the official
	<b>Drop-In Visit:</b> Face value of ticket (if a testimonial event for official, the value is the cost of the food and beverages consumed by the official and his/her guests)	Cost of the food and beverages consumed by the official and his/her guests
	<b>City Box at Qualcomm Stadium or Petco Park:</b> No reportable value	—

## GENERAL RULES

- ❖ As with all gifts you receive, your first step should be to determine whether or not the source of the ticket or invitation is a source that you have to report on your Statement of Economic Interests. If you are an elected official or are otherwise a “high level filer,” then every gift you receive is from a reportable source and is therefore subject to gift limits and reporting obligations. On the other hand, if you file a Statement of Economic Interests pursuant to a conflict of interest code (a “code filer”), then only gifts from the reportable sources identified in your conflict of interest code are subject to gift limits and reporting obligations.
- ❖ Regardless of whether you are a “high level filer” or a “code filer,” there are some exceptions to the gift rules in the Ethics Ordinance that may apply to tickets or invitations you receive. For example, a pair of tickets to a ballgame that you receive from your spouse, child, parent, grand-parent, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, first cousin, or the spouse of any such person, is not considered a “gift” under the Ethics Ordinance. Refer to San Diego Municipal Code section 27.3525 for a list of all the applicable exceptions.
- ❖ Tickets and invitations given to members of your immediate family are generally not gifts to you. For example, if your spouse is given tickets to an event, and there is no reason to believe that the donor intended for you to use one of the tickets, then the ticket is not a gift to you. In addition, if you receive an envelope containing two tickets to an event, and your spouse is identified on the envelope by name or by the designation “spouse,” then the ticket earmarked for your spouse is not a gift to you. On the other hand, if two tickets are addressed only to you (or to you “and guest”), you will have received two tickets, even if your spouse uses one of the tickets.
- ❖ Even if you are given a ticket to accompany another City Official to an event for the purpose of “staffing the event,” you may still have received a gift. The gift would be reported as coming from the person or entity that directed the ticket to you. In other words, the source of the gift could be the City Official who decided that you should attend the event, or it could be a business entity that personally offered you the ticket.
- ❖ Tickets and invitations are the only gifts that can be negated by being thrown away. Tickets and invitations that are not used or transferred to another person are not subject to gift limits or reporting obligations.
- ❖ You are only required to report gifts from the same reportable source if the gifts have an aggregate value of \$50 or more within a calendar year. For this reason, you do not need to report two \$24 tickets to an event from the same source (so long as that source did not give you other gifts during the same calendar year).
- ❖ This fact sheet pertains only to the valuation of tickets and invitations for acceptance and reporting purposes. There are additional rules that pertain to disqualification issues. For more information regarding whether or not your acceptance of tickets or invitations may disqualify you from participating in a municipal decision, please refer to the Ethics Commission fact sheet entitled “Fact Sheet on Disqualification from Municipal Decisions – Part 4: Sources of Gifts.”
- ❖ The rules for “ticketed events” are generally different from the rules for “invitation-only events.” In addition, there are separate rules for testimonial events and fundraisers. There is also a special rule for the City Boxes at Qualcomm Stadium and Petco Park. These different rules are discussed below.

## TICKETED EVENTS

- ❖ A “ticket” provides admission or access to facilities, goods, services, and includes a pass to a movie theatre, playhouse, opera house, sporting event, amusement park, parking facility, country club, or similar places or events.
- ❖ “Ticketed events” are events to which admission is offered for sale to the general public.
- ❖ For purposes of this Fact Sheet, a “ticket” does not include anything that grants access to transportation or lodging. Please contact the Ethics Commission for assistance with the rules that pertain to payments for transportation and lodging.
- ❖ If you receive a ticket that provides one time admission to a facility or event, the value of the gift is generally the face value of the ticket, provided that the face value is a price that was, or otherwise would have been, offered to the general public.
- ❖ “Face value” means the price indicated on the ticket, or if no price is indicated, the price at which the ticket would otherwise be offered for sale to the general public by the operator of the venue or host of the event.
- ❖ If you receive a ticket that provides repeated admission (including a season ticket), the reportable value (and the value subject to gift limits) is the fair market value of your actual use of the ticket, including the use by guests who accompany you and who are admitted with the ticket (plus the fair market value of any possible use by any person to whom the use of the ticket is transferred).
- ❖ If you have an official or ceremonial role or function at a ticketed event, the tickets that are given to you, your spouse, and your immediate family are not “gifts,” and are therefore not subject to gift limits or disclosure requirements. An official may apply the ceremonial role exception only when he or she is truly performing a ceremonial role, such as making a speech, presenting an award, or cutting a ribbon.

## INVITATION-ONLY EVENTS

- ❖ “Invitation-only events” are banquets, parties, galas, and similar functions to which a person may not gain admission unless being specifically invited. Invitation-only events are subject to different rules than those that apply to ticketed events.
- ❖ If you attend an invitation-only event such as a banquet, party, or gala (see special rules below for nonprofit and political fundraisers), the value of the gift is generally your pro rata share of the total cost of the event, plus the value of any item presented to you at the event that is not provided to all the other attendees at the event.
- ❖ “Pro rata share of the total cost of the event” means the cost of all food and beverages, rent of the facilities, decorations, entertainment, and all other costs associated with the event, divided by the number of acceptances or the number of attendees. For example, if the event is attended by 100 persons, the pro rata share of each person’s admission would be one percent of the total cost of the event. It is the number of persons who actually accept the invitation or attend the event, not the number invited, that determines the value of the gift received by each person.
- ❖ If you perform a ceremonial or official function at an invitation-only event (other than a nonprofit fundraiser or a political fundraiser), the value of the gift is the cost of the food and beverage

provided to you, plus the value of any item presented to you at the event that is not provided to all the other attendees at the event. An official may apply the ceremonial role exception only when he or she is truly performing a ceremonial role, such as making a speech, presenting an award, or cutting a ribbon.

- ❖ Drop-in Exception: if you attend an invitation-only or testimonial event (other than a nonprofit or political fundraiser) and do not stay for the meal or entertainment and consume only “minimal appetizers and drinks,” the value of the gift is the cost of the food and beverage consumed by you and your guests, plus the value of any item presented to you at the event that is not provided to all the other attendees at the event.
- ❖ If the invitation-only event is a testimonial dinner or similar event, or a political or nonprofit fundraiser, refer instead to the rules for those types of events, which are discussed below.

## TESTIMONIAL EVENTS

- ❖ If you are being honored at a testimonial event (e.g., a retirement dinner), the value of the gift you receive is the pro rata cost of the entire event.
- ❖ If the testimonial event is a “ticketed event” honoring someone else, the value of the gift is the face value of the ticket, provided that the face value is a price that was, or otherwise would have been, offered to the general public. If the testimonial event is “invitation-only,” then the value of the gift is the pro rata cost of the entire event.
- ❖ The drop-in rule (which is explained above under “Invitation-Only Events”) applies to a brief attendance at a testimonial event regardless of whether the event is a ticketed event or an invitation-only event.
- ❖ Keep in mind that the value of your admission to a testimonial event includes the value of any item presented to you at the event that is not given to everyone else attending the event, except that a personalized plaque with a value of less than \$250 is not considered a gift and need not be reported.

## FUNDRAISERS – 501(C)(3) ORGANIZATIONS

- ❖ A single ticket provided by an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code for that organization’s fundraising event is generally not a gift or subject to gift limits or disclosure requirements. Note, however, the following restrictions:
  - ✓ The ticket must be directly provided to the official by the 501(c)(3) organization hosting the fundraiser. A ticket to the event provided by anyone else will not be entitled to the exemption; instead, it will be valued according to the general rules for tickets and invitations (e.g., face value of ticket for ticketed events, and pro rata cost of entire event for invitation-only events).
  - ✓ The exemption applies to only one ticket per event per official. Thus, an official who accepts two tickets to a 501(c)(3) fundraiser will obtain an exemption for the first ticket only. A second ticket provided by the organization is subject to the rules for fundraisers hosted by nonprofit organizations that are not 501(c)(3) organizations (see the next section of this Fact Sheet).
  - ✓ The exemption applies only in situations where the nondeductible value of the ticket does not exceed the City’s gift limit (\$390 until the end of 2008; \$420 as of January 1, 2009).
    - For example, if only \$150 of a \$600 ticket to a 501(c)(3) fundraiser is deemed to be tax deductible, the remaining nondeductible \$450 will exceed the gift limit. Accordingly, the

official must reimburse the organization an amount sufficient to be below the gift limit within 30 days of accepting the ticket, or refrain from accepting the ticket.

- This rule applies cumulatively to subsequent events by the same organization within the same calendar year. For example, a 501(c)(3) organization may not give an official a ticket to a fundraiser that has a \$200 nondeductible value and then later the same year give the official another ticket with a \$250 nondeductible value. The combined total value of \$450 would exceed the gift limit.
- ❖ As with the rule for other types of nonprofit organizations, the exemption does not mean that all tickets from a 501(c)(3) organization are exempt; the exemption pertains only to tickets to the organization's own fundraising events. The exemption also does not apply to an event held by a 501(c)(3) organization where no fundraising takes place, or to a ticket provided by anyone other than the 501(c)(3) organization.

### **FUNDRAISERS – NONPROFIT ORGANIZATIONS (other than a 501(c)(3) organization)**

- ❖ If you receive a ticket to a fundraising event for a nonprofit organization (other than a 501(c)(3) nonprofit organization), and the ticket is from the nonprofit organization, and the ticket clearly states that a portion of the ticket price is a donation to the organization, then the value of the gift is the face value of the ticket reduced by the amount of the donation.
- ❖ If you receive a ticket to a fundraising event for a nonprofit organization (other than a 501(c)(3) nonprofit organization), and the ticket is from the nonprofit organization, but the ticket has no face value or stated donation portion, then the value of the gift is the pro rata share of the cost of the food and beverages provided at the event, plus the value of any item presented to you at the event that is not provided to all the other attendees at the event.
- ❖ Keep in mind, however, that the above rules do not mean that all tickets from a nonprofit organization are exempt; these rules pertain only to tickets to a fundraising event held by the nonprofit organization and given to you by the nonprofit organization. In addition, these rules do not apply to a nonprofit organization's event where no fundraising takes place.

### **POLITICAL FUNDRAISERS**

- ❖ A single ticket provided by a candidate or political committee for a fundraising event for that candidate or committee is not a gift, and is not subject to gift limits or disclosure requirements.
- ❖ The ticket must be directly provided to the official by the candidate or committee hosting the fundraiser. A ticket to the event provided by anyone else will not be entitled to the exemption; instead it will be valued according to the general rules for ticketed events and invitation-only events.
- ❖ The exemption applies to only one ticket per event per official. Thus, an official who accepts two tickets to a political fundraiser from a candidate or committee will obtain an exemption for the first ticket only. The second ticket will be valued according to the general rules for ticketed events and invitation-only events.
  - ✓ An official may pay down the value of a second ticket by making a campaign contribution, within 30 calendar days of the event, to the candidate or committee that provided the ticket.
  - ✓ Note that making a campaign contribution will not reduce the value of a ticket to a political fundraiser that the official receives from an entity other than the candidate or committee holding

the fundraiser. The value of that ticket may be reduced only by making a payment, within 30 calendar days of the event, to the entity the provided the ticket.

### **CITY BOXES AT QUALCOMM STADIUM AND PETCO PARK**

- ❖ Tickets to the City Boxes at Qualcomm Stadium and Petco Park are distributed to City Officials through written policies set forth in Council Policies 700-22 and 700-47, respectively. These policies allow officials entitled to the tickets to use them or give them away to individuals who provide exceptional service to the City, including City employees and volunteers.
- ❖ City Box tickets that you receive pursuant to the Council Policies are not considered “gifts” under the Ethics Ordinance and do not need to be disclosed on your Statement of Economic Interests. The parking privileges associated with the City Boxes are also exempt from the gift regulations.
- ❖ Keep in mind that the food and beverages provided at the City Boxes are not covered by the Council Policies. For this reason, you will be asked to pay a set price to consume the food and beverages that are provided in the City Boxes. Because you are paying for the food and beverages, the items you consume are not considered a gift, and do not need to be reported.

### **TICKETS AND INVITATIONS FROM LOBBYISTS**

- ❖ Under the City’s Lobbying Ordinance, Lobbying Firms and Organization Lobbyists and their lobbyists are prohibiting from giving “City Officials” gifts with a value of more than \$10 in a calendar month. This prohibition extends to tickets and invitations to most events.
- ❖ City Officials should take care to avoid accepting tickets and invitations that would cause a lobbyist to violate the law.
- ❖ The Lobbying Ordinance contains an exemption for tickets to events held for nonprofit entities. Note that this exemption applies only to lobbyists; it does not apply to City Officials. A ticket that has no reportable value for a lobbying entity may still be reportable by a City Official. For example:
  - ✓ A lobbyist’s client purchases a table at a fundraising event for a 501(c)(3) organization. The lobbyist wants to give one of the seats at the table to a Councilmember. There are no paper tickets for the event; admission is granted to individuals whose names appear on a guest list.
  - ✓ Because the admission is not being provided directly by the 501(c)(3) organization, but instead by a third party (the lobbyist), the 501(c)(3) exemption discussed earlier in this Fact Sheet will not apply to the City Official.
  - ✓ Although the 501(c)(3) exemption won’t apply, the event is still a fundraiser for a nonprofit organization, so the valuation rules for nonprofit events (discussed above) will apply. Because there is no donation amount stated on a paper ticket, the value of the admission for the City Official is the pro rata cost of the food and beverages at the event.
  - ✓ Because of the exemption in the Lobbying Ordinance, the lobbyist will not be required to report the ticket on his or her firm’s lobbying disclosure report. The City Official, however, will have to report the ticket on his or her Form 700 if its value meets or exceeds the \$50 reporting threshold.

For additional information regarding the rules contained in this Fact Sheet, please contact the Ethics Commission at (619) 533-3476.