THE CITY OF SAN DIEGO
ETHICS COMMISSION

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.

IF HOST OF EVENT IS SOURCE OF ADMISSION		
	TICKETED EVENT	**INVITATION-ONLY EVENT**
General Rule:	Face value of ticket	Pro rata cost of entire event
Political Fundraiser:	No reportable value (exemption is limited to one ticket per event)	
501(c)(3) Fundraiser:	No reportable value (exemption is limited to one ticket per event; additional restrictions apply)	
Nonprofit Fundraiser: (other than a 501(c)(3) fundraiser)	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 (limited to one ticket per event)	
Testimonial Event: (held in your honor)	Pro rata cost of entire event	
Testimonial Event: (held for someone else)	Face value of ticket	Pro rata cost of entire event
Ceremonial Role:	No reportable value (limited to one ticket per event)	Cost of food and beverages provided to the official
IF PERSON OTHER THAN HOST OF EVENT IS SOURCE OF ADMISSION		
	TICKETED EVENT	**INVITATION-ONLY EVENT**
All Events:	Face value of ticket	Pro rata cost of entire event
DROP-IN RULE		
	TICKETED EVENT	**INVITATION-ONLY EVENT**
General Rule:	No exemption (face value of ticket)	Cost of food/beverages consumed by the official and his/her guests
All Fundraisers:	No exemption (see above for valuation)	No exemption (see above for valuation)
CITY SUITES AT QUALCOMM STADIUM & PETCO PARK		
All Events:	Subject to Council Policy 700-22; not a gift if: (a) it is treated as taxable income; (b) the official pays for the ticket; or (c) there is a public purpose for attending. Must be reported on FPPC Form 802 within 30 days.	

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.

  - ✓ Note that if you request a ticket for a family member, that ticket is a gift to you regardless of how the ticket is delivered or the envelope is addressed.

- 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, and not transferred to another person, are exempt from gift limits and reporting obligations.

- You are required to report gifts from a reportable source only 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 solely 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 applicable to "invitation-only events." In addition, there are separate rules for testimonial events and fundraisers. There are also special rules for tickets provided by the City, such as admission to the City Suites at Qualcomm Stadium and Petco Park. These different rules are discussed below.

TICKETED EVENTS (Open to the Public)

- 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 travel payments.

- 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 perform a ceremonial role or function at a ticketed event, your ticket to the event is not a "gift," and is 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 on behalf of the City, such as making a speech, presenting an award, or cutting a ribbon. This exemption applies only to the official, and does not pertain to admission for the official's family members or staff.

INVITATION-ONLY "GALA" 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 the official.

- 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 on behalf of the City, such as making a speech, presenting an award, or cutting a ribbon.

- Drop-in Exception: if you attend an invitation-only 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, plus the value of any item presented to you at the event that is not provided to all the other attendees at the event (except that a personalized plaque with a value of less than $250 is not considered a gift and need not be reported).

- If you attend a testimonial event honoring someone else:

  - ✓ If the event is a "ticketed event," the value of the admission 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" and the invitation is provided to you by the host of the event, then the value of the admission is the pro rata cost of the entire 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. If the testimonial event is "invitation-only," but the source of your invitation is someone other than the host of the event, then the value of the admission is equal to the donor's cost.

  - ✓ The drop-in exception (which is explained above under "Invitation-Only Events") will apply to a brief attendance at a testimonial event, but only if the event is an invitation-only event.

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 as follows: face value if the ticket is to a "ticketed event," or donor's cost if the admission is to an "invitation-only event."

- ✓ The exemption applies to only one ticket per event per official. Thus, an official who accepts two tickets to a 501(c)(3) fundraiser from the event host will obtain an exemption only for the first ticket.

- ✓ The exemption will not apply if the official gives the ticket to someone else.

- ✓ The exemption applies only in situations where the nondeductible value of the ticket does not exceed the City's gift limit ($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 get below the gift limit within 30 days of accepting the ticket, or refrain from accepting the ticket.

  - This rule applies cumulatively to subsequent events held 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.

- ❖ The drop-in exception does not apply to nonprofit fundraising events.

FUNDRAISERS – NONPROFT ORGANIZATIONS (other than a 501(c)(3) organization)

- ❖ If you receive a single ticket to a fundraising event for a nonprofit organization other than a 501(c)(3) nonprofit organization, and the ticket is from that organization, value the ticket as follows:

  - ✓ If the ticket clearly states that a portion of the ticket price is a donation to the organization, then the value of the gift is its face value reduced by the amount of the donation.

  - ✓ If 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 that organization. In addition, these rules do not apply to a nonprofit organization's event where no fundraising takes place.

- ❖ The drop-in exception does not apply to nonprofit fundraising events.

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 provided directly 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 as follows: face value if the ticket is to a "ticketed event," or donor's cost if the admission is to an "invitation-only event."

- 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 (face value) and invitation-only events (pro rata cost of the event).

  - ✓ 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.

- The drop-in exception does not apply to political fundraising events.

TICKETS DISTRIBUTED BY THE CITY (e.g., Admission to City Suites)

- When the City of San Diego purchases tickets or obtains tickets pursuant to a contract for the use of a City facility or property (e.g., Qualcomm Stadium, Petco Park, Torrey Pines Golf Course), the distribution of those tickets is subject to Council Policy 700-22.

- Tickets provided to the City gratuitously (e.g., admission to a concert or play at a non-City facility) are also subject to Council Policy 700-22. The City may give such tickets to City Officials if the tickets are not earmarked by the donor for those officials and the City determines, in its sole discretion, which officials may use the tickets.

- Whether a ticket is obtained by the City gratuitously or pursuant to a contract, it will not be treated as a gift to a City Official under the following circumstances:

  - ✓ A designated Ticket Coordinator distributes the ticket to the City Official, and the distribution accomplishes a "public purpose" identified in the Council Policy; or,

  - ✓ The City Official reimburses the City for the face value of the ticket; or,

  - ✓ The City Official and the City treat the ticket as taxable income consistent with federal and state income tax laws.

- In addition, the Mayor and City Attorney and their designees, and members of the City Council, may behest tickets to other individuals and organizations, so long as the distribution of the behested tickets accomplishes a "public purpose" identified in the Council Policy.

- Tickets provided to a City Official, or given to an individual or organization at the behest of a City Official, will generally be memorialized by a Ticket Coordinator on FPPC Form 802. The form will be posted on the City's website within 30 days of the distribution.

- Restrictions applicable to tickets distributed pursuant to the Council Policy include:
  - ✓ Tickets provided to a City Official may not be sold to anyone, nor may they be used by anyone other than the official or a member of the official's immediate family. This restriction applies even if the official reimburses the City for the tickets or treats the tickets as taxable income.
  - ✓ Tickets provided to outside entities, including non-profit organizations, may not be raffled, auctioned, or otherwise sold to any person.
- Council Policy 700-22 pertains solely to admission to an event; it does not exempt from gift rules the food, beverages, or other items of value that a City Official may receive at an event.

SEMINARS, CONFERENCES, AND MEETINGS

- The general rules for seminars, conferences, meetings, and similar events are described in the following scenarios:
  - ✓ If an official is attending a seminar or conference related to his or her City job duties, then the official's admission to the event is exempt from the gift rules regardless of who pays for the admission. Note, however, that food and beverages provided to the official at the seminar or conference may be a reportable "gift." See page two for information regarding the reporting threshold.
  - ✓ An official who is invited to attend a local organization's monthly meeting and is provided with a sandwich and soda is receiving a reportable "gift" with a value equal to the cost of the sandwich and soda (even if the official speaks at the meeting, except as described in the next bullet).
  - ✓ A "code filer" (see page two) who gives a speech on a matter relating to City business, and who is provided admission and meals by another government agency in connection with that speech, is not receiving a reportable "gift." Note that this exception does not apply to "high level filers," such as the City's elected officials.
- Rules regarding travel expenses (transportation, lodging, and meals) can be very complicated. Please contact the Ethics Commission for assistance with regard to offers to pay for expenses related to your out-of-town travel to conferences and similar functions.

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 applies 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 <u>nonprofit entities</u>. 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 nonprofit organization holds a fundraising event that is open to the public. A lobbyist purchases a table at the event and gives one of the seats to a Councilmember.

- ✓ Because the City Official's admission is provided by a third party (the lobbyist) instead of by the host of the event (the nonprofit organization), the nonprofit exemptions and reductions discussed earlier in this Fact Sheet will not apply to the City Official. The City Official is receiving a gift from the lobbyist with a reportable value equal to the face value of the ticket.
- ✓ Because of the nonprofit exemption in the Lobbying Ordinance, the lobbyist's gift is not subject to the $10 limit, and the lobbyist is not required to report the ticket on his or her firm's quarterly disclosure report. The City Official, however, will have to report the ticket on his or her Form 700 if its value reaches the $50 reporting threshold.

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

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