

1 Amend 2 Cal. Code Regs. Section 18615 to read:

2 **§ 18615. Accounting by Lobbyist Employers and Persons Spending \$5,000 or More to**
3 **Influence Legislative or Administrative Action.**

4 (a) Pursuant to Government Code section 86110, lobbyist employers shall maintain ~~keep~~
5 a journal, ledger, or other record ~~detailed records~~ of payments in the following categories:

6 (1) Payments to lobbying firms;

7 (2) Payments to lobbyists;

8 (3) Activity expenses;

9 (4) Other payments to influence legislative or administrative action. This includes
10 payments for or in connection with:

11 (A) Support or assistance of lobbyists;

12 (B) Direct communication with a legislative, agency or elective state official for the
13 primary purpose of influencing legislative or administrative action; and

14 (C) Soliciting or urging persons other than the lobbyist employer's employees to enter
15 into direct communication with a legislative, agency or elective state official for the primary
16 purpose of influencing legislative or administrative action.

17 (5) Contributions to elected state officers, state candidates and committees controlled by
18 or primarily formed to support such officers or candidates;

19 (b) The lobbyist employer shall keep records using one of the following methods:

20 (1) ~~The lobbyist employer may keep~~ Maintaining records of payments in connection with
21 lobbying separate from records of activities which are not described in subdivision (a); or

22 (2) ~~The lobbyist employer may~~ Using use any system with records maintained in
23 accordance with accepted accounting principles.

1 (c) Records of payments by the lobbyist employer ~~shall be supported by cancelled checks~~
2 ~~or other bank records, and~~ shall include:

3 (1) All payments in connection with lobbying activities made to or on behalf of a
4 lobbying firm, including but not limited to fees, retainers and reimbursement of expenses. To the
5 extent that payments to a lobbying firm are only partially in connection with lobbying activities,
6 the lobbyist employer or person may keep records of payments made for lobbying separate from
7 payments made in connection with non-lobbying activities. The following must be included for
8 each payment ~~Detailed records shall include:~~

9 (A) The full name of the payee;

10 (B) If the payee is a person other than the lobbying firm, the full name of both the payee
11 and the lobbying firm;

12 (C) The date and amount of the payment; and

13 (D) The calendar quarter during which the services paid for were rendered.

14 (2) All direct or indirect payments, such as salaries, fees and reimbursement of expenses,
15 advances or other payments made to a lobbyist. Salary includes gross wages paid, plus any fringe
16 benefits which are in lieu of wages such as the granting of stock options or purchase of annuities,
17 but does not include routine fringe benefits such as ~~the lobbyist employer's~~ contributions to a
18 health plan, retirement plan or payroll taxes. To the extent payments made to a lobbyist are only
19 partially in connection with activities as a lobbyist, the lobbyist employer may apportion the
20 payments based on the percentage of the lobbyist's compensated time which is spent influencing
21 or attempting to influence legislative or administrative action. The following must be included
22 for each payment ~~Detailed records shall include:~~

23 (A) The full name of the payee; and

1 (B) The date and amount of the payment.

2 (3) All activity expenses incurred or paid by the lobbyist employer, other than those
3 activity expenses incurred by ~~the~~ a lobbyist which shall be recorded as reimbursements to the
4 lobbyist or “other payments to influence legislative or administrative action” under the
5 provisions of subdivision (c)(4), as appropriate. The following must be included for each activity
6 expense ~~Records to be maintained under this subdivision include:~~

7 (A) The full name of the payee;

8 (B) The full name and official position of each elective state official, legislative official,
9 agency official, state candidate or member of the immediate family of one of those individuals
10 who was a beneficiary;

11 (C) The total number of all beneficiaries;

12 (D) A description of the goods or services or other consideration for which the payment
13 was made or incurred;

14 (E) The date and total amount of the expenditure; and

15 (F) The amount of the payment attributable to each beneficiary.

16 (4) All other payments to influence legislative or administrative action, including:

17 (A) The full name, title and proportionate share of compensation paid to each employee,
18 other than a lobbyist, who is engaged for 10 percent or more of the employee's compensated time
19 in a calendar month in or in connection with any of the activities described in subdivision (a).

20 Such employees include those providing research services and those preparing materials to be
21 used by a lobbyist or to be used in direct communication or in soliciting or urging others to
22 engage in direct communication for the primary purpose of influencing legislative or
23 administrative action. Compensation includes gross wages paid plus any benefits which are in

1 lieu of wages such as the granting of stock options or the purchase of annuities. It does not
2 include, however, routine fringe benefits, such as ~~the employer's~~ contributions to health plans,
3 retirement plans, etc., which are made on behalf of all employees nor does it include the payment
4 of ~~the employer's~~ payroll taxes.

5 (B) The payment by the lobbyist employer of expenses incurred by a lobbyist;

6 (C) The payment of expenses incurred by the lobbyist employer for goods or services
7 used by a lobbyist or used to support or assist a lobbyist in connection with activities as a
8 lobbyist;

9 (D) For state and local government agencies that file reports pursuant to Government
10 Code sections 86115 and 86116, the payment of dues or similar payments made to any
11 organization, including a federation, confederation, or trade, labor, or membership organization,
12 that makes expenditures equal to 10 percent of its total expenditures, or fifteen thousand dollars
13 (\$15,000) or more, during any calendar quarter, to influence legislative or administrative action;

14 (E) The payment of any other expense which would not have been incurred but for the
15 lobbyist employer's activities to influence or attempt to influence legislative or administrative
16 action, i.e., those activities described in subdivision (a), including, but not limited to, office
17 overhead and operating expenses, payments to expert witnesses and expenses incurred by
18 employees other than a lobbyist.

19 (F) For filers reporting payments in connection with ratemaking or quasi-legislative
20 proceedings before the California Public Utilities Commission as specified in Government Code
21 section 86116(h)(2), the full name, title, and compensation paid to each attorney for time spent
22 appearing as counsel or preparing to appear as counsel in those proceedings; and the full name,

1 title and compensation paid to each witness for time spent testifying or preparing to testify at
2 those proceedings.

3 (G) Detailed records for subdivisions (c)(4)(B) through (F), (C), (D), (E) and (F) shall
4 must include:

- 5 1. The full name of the payee;
- 6 2. The date and amount of the payment; and
- 7 3. A description of the goods or services or other consideration for which the payment
8 was made.

9 (5) All monetary and non-monetary contributions of \$25 or more made by the lobbyist
10 employer to an elected state officer, a state candidate or committees controlled by or primarily
11 formed to support such officers or candidates. Cancelled checks or legible images of cancelled
12 checks, or other bank records shall support the monetary contributions. All of the following must
13 be included ~~In addition~~, for each monetary and non-monetary contribution, ~~the records shall~~
14 ~~indicate~~:

- 15 (A) The full name of the payee;
- 16 (B) The full name of the recipient of the contribution if other than the payee;
- 17 (C) In the case of a non-monetary contribution, a description of the goods or services or
18 other consideration provided; and
- 19 (D) The date and amount of the payment. If the lobbyist employer or a committee
20 sponsored by the lobbyist employer keeps records and files campaign statements with the
21 Secretary of State pursuant to Chapter 4 of the Political Reform Act, no records are required by
22 this paragraph.

1 (6) No records shall be required for payments which are not reportable pursuant to 2 Cal.
2 Code Regs. section 18616(g)(1), (2), (3) and (4).

3 (d) A lobbyist employer shall maintain source documents to substantiate the information
4 required by subdivision (c) including:

5 (1) Bank and credit card records evidencing payment or receipt, such as cancelled checks
6 or legible images of cancelled checks, credit card statements and credit card receipts, and
7 transfers received;

8 (2) Records of goods or services received or provided, such as receipts, invoices,
9 contracts, and agreements;

10 (3) Correspondence and communications substantiating the receipts or disbursements;
11 and

12 (4) Invitations to lobbyist employer sponsored events, and rosters of attendees.

13 (e) If a lobbyist employer is unable to obtain a source document to substantiate an
14 activity expense, the lobbyist employer shall prepare a written dated voucher, or annotated
15 receipt or invoice documenting the required information as soon as practicable after the activity
16 expense is made.

17 ~~(d)~~ (f) All records which must be kept by virtue of this regulation shall be maintained for
18 a period of five years from the date of the filer's final report for the calendar year for which the
19 activities were reported pursuant to Government Code section 86116.

20 Note: Authority cited: Section 83112, Government Code. Reference: Sections 86110 and
21 91000.5, Government Code.