

SB-1156, Hurtado. Groundwater sustainability agencies: conflicts of interest: financial interest disclosures.

Overview

This bill would require members of the board of directors and the executive, as defined, of a groundwater sustainability agency to file statements of economic interests, as specified, with the Fair Political Practices Commission using the Commission's online system for filing statements of economic interests.

Major Provisions

Gov. Code Sec. 87200.5

(a) Members of the board of directors and the executive of a groundwater sustainability agency shall file statements of economic interests in accordance with this article with the Commission using the Commission's online system for filing statements of economic interests.

(b) For purposes of this section, executive means the executive director, general manager, or other equivalent position of the groundwater sustainability agency.

Background & Impact

The Fair Political Practices Commission is a five-member independent, non-partisan commission that has primary responsibility for the impartial and effective administration of the Political Reform Act of 1974. The Act regulates campaign financing, conflicts of interest, lobbying, and governmental ethics.

The Political Reform Act of 1974 prohibits a public official from making, participating in making, or attempting to use their official position to influence a governmental decision in which they know or have reason to know that they have a **financial interest**.

A **financial interest** in a decision is defined as "a material financial effect, distinguishable from its effect on the public generally" on any of the people or entities listed within Gov. Code Sec. 87103. This includes the official, a member of the official's immediate family, and the financial effects on any of the following:

(a) Any business entity in which the public official has a direct or indirect investment worth two thousand dollars (\$2,000) or more.

(b) Any real property in which the public official has a direct or indirect interest worth two thousand dollars (\$2,000) or more.

(c) Any source of income, except gifts or loans by a commercial lending institution made in the regular course of business on terms available to the public without regard to official status, aggregating five hundred dollars (\$500) or more in value provided or promised to, received by, the public official within 12 months prior to the time when the decision is made.

(d) Any business entity in which the public official is a director, officer, partner, trustee, employee, or holds any position of management.

(e) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating two hundred fifty dollars (\$250) or more in value provided to, received by, or promised to the public official within 12 months prior to the time when the decision is made. Gov. Code Sec. 87103.

Covered investments and financial interests include any investments or interest held by a spouse, dependent child, or agent of a public official. It also includes interest held in trust for those individuals where their interest is 10% or greater. *Id.*

A **statement of economic interests** (known as a Form 700) is a statement that discloses financial interests. A Form 700 must be submitted to the Fair Political Practices Commission. This bill would require that a Form 700 be submitted by each board member of a groundwater sustainability agency and the executive of a groundwater sustainability agency. Failure to submit a Form 700 is a misdemeanor.

The submission of a Form 700 provides transparency and ensures accountability by providing necessary information to the public about an official's personal financial interests to ensure that officials are making decisions in the best interest of the public and not enhancing their personal finances.

As it Relates to Small Farmers

Small Farmers can ensure that the board members and executive of their groundwater sustainability agency are adhering to financial disclosure requirements by determining whether a Form 700 has been correctly submitted to the Fair Political Practices Commission.

The bill would require officials serving on GSAs to disclose when their financial interests are affected by decisions that they take part in in their official capacity. Failure to do so would be a misdemeanor.

Navigating these disclosure forms may be difficult for small farmers because the financial interest threshold is so low. Most or all GSA members will likely be obligated to submit forms– if they have any kind of farming operation that involves pumping groundwater, their financial interest will likely exceed \$2,000. If they own a house with a domestic well, they will likely have to file forms disclosing this interest because their interest in their house likely exceeds \$2,000. This is also something to be aware of if you plan on serving on a GSA.