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SB-300 Conflicts of interest: nonprofit organizations: membership dues. (2025-2026)

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AMENDED IN SENATE APRIL 01, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

SENATE BILL

NO. 300

Introduced by Senator Padilla

February 10, 2025

An act to add Section 87103.7 to the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 300, as amended, Padilla. Conflicts of interest: nonprofit organizations: membership dues.

The Political Reform Act of 1974 prohibits a public official from using their official position to make, participate in making, or influence a governmental decision in which the official knows or has reason to know that the official has a financial interest, as specified. Under the act, a public official has a financial interest in a decision if it is reasonably foreseeable that the decision will have a material financial effect on, among other things, a source of income to the official aggregating \$500 or more in value within the 12 months before the decision is made.

This bill would create a general exception to that rule by providing that ~~a public official does not have a disqualifying conflict of interest in a decision if the source of income is a nonprofit organization whose financial interest in the decision arises solely from an increase or decrease in membership dues.~~ *it is not reasonably foreseeable that a public official has a material financial interest in a decision regarding certain nonprofit organizations, including labor organizations, agricultural organizations, business leagues, and chambers of commerce, where the nonprofit organization is a source of income to the public official, the decision solely involves a member or members of the nonprofit organization, and the sole financial effect of the decision is that it may result in an increase or decrease of dues or members of the nonprofit organization.*

Vote: 2/3 Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 87103.7 is added to the Government Code, to read:

87103.7. Notwithstanding ~~subdivision (e) of~~ Section 87103, ~~a public official does not have a disqualifying conflict of interest in a decision if the source of income is a nonprofit organization whose financial interest in a decision arises solely from an increase or decrease in membership dues.~~ *it is not reasonably foreseeable that a public official has a material financial interest in a decision regarding an organization described in Section 501(c)(5) or 501(c)(6) of the Internal Revenue Code, and that is exempt from taxation under Section 501(c) of the Internal Revenue Code, where the nonprofit organization is a source of income to the public official, the decision solely involves a member or members of the nonprofit organization and not the nonprofit organization itself, and the sole financial effect of the decision is that it may result in an increase or decrease of dues or members of the nonprofit organization.*