

State of California
AIR RESOURCES BOARD

Resolution 76-36

October 4, 1976

WHEREAS, § 39601 authorizes the Air Resources Board to adopt standards, rules, and regulations necessary for the proper execution of the powers and duties granted to, and imposed upon, the Board by law;

WHEREAS, § 87300 of the Government Code requires the Board to adopt and promulgate a Conflict of Interest Code pursuant to the provisions of Article 3 of Chapter 7 of the Political Reform Act of 1974;

WHEREAS, a public hearing and other administrative proceedings have been held in accordance with the provisions of the Administrative Procedure Act (Government Code, Title 2, Division 3, Part 1, Chapter 4.5);

NOW, THEREFORE BE IT RESOLVED, that the "Air Resources Board Conflict of Interest Code", dated May 27, 1976, as amended October 4, 1976, is hereby adopted.

BE IT FURTHER RESOLVED, that the Board hereby amends Subchapter 9 in Part III, Chapter 1 of Title 17, California Administrative Code to read in conformance herewith.

After proceedings had in accordance with the provisions of the Administrative Procedure Act (Government Code, Title 2, Division 3, Part 1, Chapter 4.5) and pursuant to the authority vested by Section 39601 of the Health and Safety Code, and to implement, interpret and make specific Section 87300 of the Government Code, the Air Resources Board hereby amends its regulations in Title 17, California Administrative Code, as follows:

Adopt new Subchapter 9 to read:

Article 1. General Provisions

§ 95000. Authority. The Air Resources Board (the "Board"), pursuant to the Political Reform Act of 1974 (Government Code Sections 87100 et seq.) and Health and Safety Code Section 39601, hereby adopts this Conflict of Interest Code.

§ 95001. Purpose. The purpose of this Code is to specify categories of employees required to disclose economic interests, the nature of the interests that must be disclosed, and the circumstances in which employees will be disqualified from making or participating in any decision because of a conflict of interest.

§ 95002. Definitions. The definitions contained in the Political Reform Act of 1974 (Government Code Section 81000, et seq.) and the regulations adopted pursuant thereto are hereby incorporated into this Conflict of Interest Code by reference.

Article 2. Disclosure Categories

§ 95010. "Designated Employees". Persons holding the position listed in the sections below on either a permanent or acting basis are those whose job-related activities involve a significant degree of discretionary and independent authority to affect private financial interests, and are therefore "designated employees" for the purposes of this Conflict of Interest Code.

§ 95011. Professional Employees. Professional employees are persons whose employment classification requires a college degree or the equivalent thereof as a minimum qualification at the entry level of State service.

§ 95012. Category I. (a) Air Resources Board Members, Executive Officer, Deputy Executive Officers, Assistant Executive Officer, Chief Legislative Liaison, Assistant

Legislative Liaison, Chief Public Information Officer, all Division Chiefs and Assistant Division Chiefs, and all staff Attorneys, and all staff of the Program Evaluation Office.

(b) Every person in this Category must report: all investments, all interests in real property, all sources of income, and his or her status as a director, officer, partner, trustee, employee, or holder of any position of management in any California business entity.

§ 95013. Category II. (a) All professional employees in and special consultants attached to the Energy and Industrial Projects Evaluation and Control Strategy Development Branches of the Stationary Source Control Division and the Planning Division.

(b) Every person in this Category must report: all investments in, income from, and his or her status as a director, officer, partner, trustee, employee, or holder of any position of management, (i) in any California business entity which is subject to or which foreseeably may be subject to any laws of the State of California, or regulations promulgated by the Air Resources Board, relating to the control of air pollution from nonvehicular sources, or subject to any rules or regulations promulgated by any local air pollution control district; (ii) in any California

business entity which has contracted, or in the future foreseeably may contract with the Board to provide services, supplies, materials, machinery, instrumentation, or equipment to the Board; (iii) in any business entity which is regularly engaged in the development of or investment in real property in California; and (iv) in any business entity which is regularly engaged in the preparation of environmental impact reports or environmental impact statements.

§ 95014. Category III. (a) All professional employees in and special consultants attached to the Research, Modelling and Air Quality Standards Sections of the Research Division, and all members of the Research Screening Committee.

(b) Every person in this Category must report: all investments in, income from, and his or her status as a director, officer, partner, trustee, employee, or holder of any position of management, (i) in any California business entity which is subject to or which foreseeably may be subject to any laws of the State of California relating to the control of air pollution from vehicular or nonvehicular sources, or which is subject to any rules or regulations promulgated either by the Air Resources Board or by any local air pollution control district; and (ii) in any business entity or non-profit institution involved in activities

relating to air pollution research, the development of air pollution control strategies or any activity which for the past two years has been, or foreseeably will be the subject of a Board research proposal, bid or contract.

§ 95015. Category IV. (a) All professional employees in and special consultants attached to: the Enforcement Branch of the Legal Affairs and Enforcement Division, the Engineering Evaluation and Subvention Sections of the Stationary Source Control Division, and the Technical Services Division (except the Electronic Data Processing Management Section thereof), and all Public Information Officers.

(b) Every person in this Category must report: all investments in, income from, and his or her status as a director, officer, partner, trustee, employee, or holder of any position of management, in any California business entity which is subject to or which foreseeably may be subject to any laws of the State of California relating to the control of air pollution from vehicular or nonvehicular sources, or which is subject to any rules or regulations promulgated either by the Air Resources Board or by any local air pollution control district.

§ 95016. Category V. (a) All professional personnel in and special consultants attached to the Vehicle Emissions Control Division.

(b) Every person in this Category must report: all investments in, income from, and his or her status as a director, officer, partner, trustee, employee, or holder of any position of management, (i) in any California business entity associated with the manufacture, distribution, sale, repair, or advertisement of motor vehicles, vehicular emission control devices or equipment, or vehicle aftermarket parts or vehicle fuels or fuel additives which may affect emissions; and (ii) in any California business entity which has contracted, or in the future foreseeably may contract with the Board to provide services, supplies, materials, machinery, instrumentation, or equipment to the Board.

§ 95017. Category VI. (a) All personnel in and special consultants attached to the Atmospheric Studies Branch of the Research Division.

(b) Every person in this Category must report: all investments in, income from, and his or her status as a director, officer, partner, trustee, employee, or holder of any position of management, in any California business entity which has contracted, or in the future foreseeably may contract with the Board to provide services, supplies, materials, machinery, instrumentation, or equipment to the Board.

§ 95018. Consolidated Administrative Services. The designated employees in Consolidated Administrative Services are not subject to the provisions of this Code, but are subject to the Conflict of Interest Code promulgated by the State Water Resources Control Board. See Title 23, California Administrative Code, Section _____ et seq.

§ 95019. Advisory Committees. The Board finds all members of advisory groups or committees appointed by the Board pursuant to Health and Safety Code Section 39603, and all members of the Sandblasting Committee appointed by the Board pursuant to Health and Safety Code Section 41900, not to be "public officials" within the meaning of Title 2, California Administrative Code, Section 18700, or "designated employees" within the meaning of this Code, and therefore exempt from the disclosure requirements of this Code.

Article 3. Disclosure of Economic Interests

§ 95020. Disclosure Statements. Every designated employee shall complete and file the annual Air Resources Board Economic Interest Disclosure Statement in accordance with his or her disclosure category. The Air Resources Board Economic Interest Disclosure Statement, which is

attached hereto as Appendix A and is incorporated herein by reference, contains a complete description of the interests required to be disclosed.

§ 95021. Time of Filing. (a) Each designated employee of the Board shall file a report within 30 days after the date this Conflict of Interest Code is approved by the Fair Political Practices Commission (the "Approval Date").

(b) Civil service designated employees appointed after the Approval Date shall file reports within 30 days after assuming office.

(c) All employees appointed after the Approval Date who are exempt from civil service shall file reports not less than ten days before assuming office, or if subject to confirmation, ten days before being confirmed, whichever occurs first, unless an earlier assumption of office is required by emergency circumstances.

(d) When an employee moves from any position to a position in a different disclosure category under Article 2 of this subchapter the employee shall file a disclosure report appropriate to the new position within 30 days after assuming the new position.

(e) After filing a report pursuant to subsection (a), (b), (c) or (d), each designated employee of the Board shall

file an annual report on May 1 of each year for the duration of service as a designated employee, and within 30 days after leaving office as a designated employee.

§ 95022. Place of Filing. All disclosure reports shall be filed with the Chief, Consolidated Administrative Services, who shall make one copy for the Board's records and file the original with the Fair Political Practices Commission. The Chief, Consolidated Administrative Services, shall maintain each copy in an indexed binder, available for public inspection and copying at the office of the Air Resources Board.

Article 4. Disqualification

§ 95030. Disqualification. A designated employee shall disqualify himself or herself from making, or participating in the making of a governmental decision when the employee has a financial interest subject to disclosure under this Code which foreseeably may be materially affected by the decision. Disqualification shall not be required if the effect of the decision on the designated employee's financial interest is not distinguishable from its effect on the public generally.

§ 95031. Manner of Disqualification. (a) In the event a designated employee is assigned to work on a matter in which the employee has a financial interest, and the assignment involves the making or participation in the making of a governmental decision which foreseeably may materially affect that interest, the employee shall prepare a disqualification statement describing the interest and its relation to the proposed action. The employee shall give the statement to his or her immediate supervisor. The supervisor shall acknowledge receipt of the statement in writing and return one copy of the statement to the employee, shall immediately reassign the case to another employee, and shall forward one copy each to the Chief, Consolidated Administrative Services, and to the Chief Counsel.

(b) If a designated employee is in doubt as to whether he or she must disqualify himself or herself from taking any action, the employee shall request a determination from the Chief Counsel as to whether disqualification is required. Within 48 hours after receipt of such a request, the Chief Counsel shall inform the employee as to whether disqualification is required. Within 7 days after receipt of the request, the Chief Counsel shall, by written memorandum to the employee, state the reasons for his or her determination. One copy of this memorandum shall be sent to the Chief, Consolidated Administrative Services.

(c) A designated employee who has complied in good faith with all provisions of this Code, and who acts or refrains from taking action on the advice of the Chief Counsel, shall not be the subject of any disciplinary action by the Board in connection with the transaction regarding which advice was sought.

(d) Where a claim or action has been filed under the Political Reform Act of 1974 against a designated employee and said employee has complied in good faith with all provisions of this Code and has been acting within the scope of his or her employment, the Board shall undertake the employee's defense under the provisions of Part 7 (commencing at Section 995) of the Government Code. The Board's liability for any subsequent judgment or any payment pursuant to any compromise or settlement on such claim or action shall be governed by the provisions of Government Code Section 825.

§ 95032. Rule of Necessity. No designated employee shall be required to disqualify himself or herself with respect to any matter which could not be legally acted upon or decided without his or her participation.

§ 95033. Legally Required Participation. (a) A designated employee is not legally required to make or to participate in the making of a governmental decision unless there exists

no alternative source of making the decision consistent with the purposes and terms of the statute authorizing the decision.

(b) Whenever a designated employee who has a financial interest in a decision is legally required to make or to participate in making such a decision, he or she shall:

- (1) Disclose as a matter of official public record the existence of the financial interest;
- (2) Describe with particularity the nature of the financial interest before he or she makes or participates in making the decision;
- (3) Attempt in no way to use his or her official position to influence any other public official with respect to the matter;
- (4) State the reason there is no alternative source of decision-making authority;
- (5) Participate in making the decision only to the extent that such participation is legally required;
- (6) This section shall be construed narrowly, and shall not be construed to permit voting to break a tie.

Article 5. Sanctions.

§ 95040. Sanctions. This Code shall have the force of law. Violations of any provision of this Code may subject an employee, officer or contract consultant of the Air Resources

APPENDIX A

State of California
AIR RESOURCES BOARD
ECONOMIC INTEREST DISCLOSURE STATEMENT

1. Name (print): _____
2. Address: _____
3. Position: _____
4. Disclosure Category: _____
5. Check the appropriate statement:

_____ I HOLD the above-named position. (File within 30 days after the Conflict of Interest Code of the Air Resources Board is approved by the Fair Political Practices Commission, and thereafter by May 1 of each year.)

_____ I have been APPOINTED to the above-named civil service position. (File within 30 days after assuming the position.)

_____ I have been APPOINTED to the above-named exempt position. (File at least 10 days before taking office or at least 10 days before your appointment is confirmed.)

_____ I am leaving the above-named position. (File within 30 days after leaving the position.)

6. This statement covers the period from _____, 19__ through _____, 19__.

VERIFICATION

I declare under penalty of perjury that this Economic Interest Disclosure Statement is complete, true and correct to the best of my knowledge and belief.

Executed on _____, 19__, at _____, California.

(Signature)

Date Received and Initials:

1. C.A.S. _____
2. FPPC _____

Definitions.

"California business entity" is any entity which operates for profit if the entity or any parent, subsidiary or otherwise related business entity owns real property in California or does business, plans to do business, or has done business in California within two years of the date of this statement.

"Indirect interest" is any interest owned or held by your spouse or dependent children, by an agent on your behalf, by any business entity controlled by you, or by a trust in which you have a substantial interest. A business entity is "controlled" by you if you, your agents, spouse or dependent children hold more than fifty percent of the ownership interest in the entity. You have a "substantial" interest in a trust when you, your spouse or dependent children have any present or future interest worth more than one thousand dollars (\$1,000).

You must complete all seven schedules. If you have no items to report on one or more schedules, write "none" on the top line of the schedule.

SCHEDULE A

Investments Over \$1,000

Disclosure Category I: You must report each of your investments valued at more than \$1,000 in any California business entity.

Disclosure Category II: You must report each of your investments valued at more than \$1,000 (i) in any California business entity which is subject to or which foreseeably may be subject to any laws of the State of California or regulations promulgated by the Air Resources Board, relating to the control of air pollution from nonvehicular sources, or subject to any rules or regulations promulgated by any local air pollution control district; (ii) in any California business entity which has contracted, or in the future foreseeably may contract with the Board to provide services, supplies, materials, machinery, instrumentation, or equipment to the Board; (iii) in any business entity which is regularly engaged in the development of or investment in real property in California; and (iv) in any business entity which is regularly engaged in the preparation of environmental impact reports or environmental impact statements.

Disclosure Category III: You must report each of your investments valued at more than \$1,000 (i) in any California business entity which is subject to or which foreseeably may be subject to any laws of the State of California relating to the control of air pollution from vehicular or nonvehicular sources, or which is subject to any rules or regulations promulgated either by the Air Resources Board or by any local air pollution control district; and (ii) in any California business entity involved in activities relating to air pollution research, the development of air pollution control strategies or any activity which for the past 2 years has been, or foreseeably will be the subject of a Board research proposal, bid or contract.

Disclosure Category IV: You must report each of your investments valued at more than \$1,000 (i) in any California business entity which is subject to or which foreseeably may be subject to any laws of the State of California relating to the control of air pollution from vehicular or nonvehicular sources, or which is subject to any rules or regulations promulgated either by the Air Resources Board or by any local air pollution control district.

Disclosure Category V: You must report each of your investments valued at more than \$1,000 (i) in any California business entity associated with the manufacture, distribution, sale,

repair or advertisement of motor vehicles, vehicular emission control devices or equipment, or vehicle aftermarket parts or vehicle fuels or fuel additives which may affect emissions; and (ii) in any California business entity which has contracted, or in the future foreseeably may contract with the Board to provide services, supplies, materials, machinery, instrumentation, or equipment to the Board.

Disclosure Category VI: You must report each of your investments valued at more than \$1,000 in any California business entity which has contracted, or in the future foreseeably may contract with the Board to provide services, supplies, materials, machinery, instrumentation, or equipment to the Board.

An "investment" is any direct or indirect interest in or security issued by a business entity, including but not limited to common stock, preferred stock, rights, warrants, options, debt instruments and any partnership or other ownership interest.

You must also indicate whether the value of your reportable investment exceeds \$10,000 or \$100,000. You should consider the highest fair market value of the asset during the period covered. You should indicate the date you acquired or disposed of the investment only if acquisition or disposal occurred during the reporting period.

EXCEPTIONS: DO NOT report the following as investments:

- Any investment of less than \$1,000 value.
- Time or demand deposits in financial institutions (e.g., bank accounts, savings accounts).
- Shares in a credit union.
- Insurance policies.
- Bonds and other debt instruments issued by any government agency.

		<u>Check One</u>
----- (Name of Company)		<input type="checkbox"/> Value exceeds \$1,000 but does not exceed \$10,000.
----- (General Description of Business Activity)		<input type="checkbox"/> Value exceeds \$10,000 but does not exceed \$100,000.
----- (Nature of your Interest, e.g., Common Stock, Partnership, etc.)		<input type="checkbox"/> Value exceeds \$100,000.
Date Acquired _____	Date Disposed of _____	

.....repeat box

SCHEDULE B

Interests in Real Property Over \$1,000

Disclosure Categories I and II: You must report each direct or indirect interest in real property located in California, other than your principal residence, if the fair market value of your interest is more than \$1,000. An interest in real property is any leasehold, beneficial or ownership interest, or an option to acquire such an interest in real property.

If you have a loan on your real property, you should consider only your equity interest. For example, if you own property with a fair market value of \$25,000 in which you have an \$8,000 equity (with \$17,000 still owed to the mortgagee), your reportable interest is \$8,000. You should indicate the date you acquired or disposed of the real property only if acquisition or disposal occurred during the reporting period.

<hr/> <p>(Street address or precise location, of property. If no street address, use book and page number at which deed is recorded, obtainable from County Recorder's Office.)</p> <hr/>	<p style="text-align: center;"><u>Check One</u></p>
<p>(Nature of interest, e.g., equity, option).</p> <hr/>	<p><input type="checkbox"/> Value exceeds \$1,000 but does not exceed \$10,000.</p>
<p>Date Acquired _____</p>	
<p>Date Disposed of _____</p>	<p><input type="checkbox"/> Value exceeds \$10,000 but does not exceed \$100,000.</p>
	<p><input type="checkbox"/> Value exceeds \$100,000</p>

SCHEDULE C

Investments and Interest in Real Property

Held by California Business Entities you Control

If you hold a direct or indirect interest of 50 percent or more in a California business entity listed in Schedule A, you must report all investments over \$1,000 of that entity in California business entities, and all interests in real property worth over \$1,000 held by that entity in California. A separate Schedule C must be completed for each business entity.

(Name of Entity you Control)

C(1) Investments held by business entity you control.

	<u>Check One</u>
----- (Name of Investment)	<input type="checkbox"/> Value exceeds \$1,000 but does not exceed \$10,000.
----- (General Description of Business Activity)	<input type="checkbox"/> Value exceeds \$10,000 but does not exceed \$100,000.
----- (Nature of Interest, e.g., Common Stock, etc.)	<input type="checkbox"/> Value exceeds \$100,000.
Date Acquired _____	Date Disposed of _____

.....repeat box.....

C(2) Interests in real property held by business entity
you control.

		<u>Check One</u>
----- (Street address or precise location of property. If no street address, use book and page number at which deed is recorded, obtainable from County Recorder's Office)		<input type="checkbox"/> Value exceeds \$1,000 but does not exceed \$10,000.
----- (Nature of interest, e.g., equity, option).		<input type="checkbox"/> Value exceeds \$10,000 but does not exceed \$100,000.
----- Date Acquired _____	----- Date Disposed of _____	<input type="checkbox"/> Value exceeds \$100,000.

.....repeat box.....

SCHEDULE D

Management Positions

Disclosure Category I: You must list any California business entity in which you are now a director, officer, partner, trustee, employee or manager.

Disclosure Categories II, III, IV, V and VI: You must list any California business entity listed in accordance with the requirements of your Disclosure Category in which you are now a director, officer, partner, trustee, employee or manager.

EXCEPTIONS: DO NOT report the following as entities in which you have a management position:

- Any organization or enterprise which is not operated for profit.
- Any entity in which your position is solely advisory.
- Any entity from which you receive neither income nor compensation for expenses.

Name of Entity

Your Position

_____	_____
_____	_____
_____	_____
_____	_____

SCHEDULE E

California Income Aggregating \$250 or More

Disclosure Category I: You must disclose California income of any nature aggregating \$250 or more which you received from any one source during the reporting period.

Disclosure Categories II, IV, V and VI: You must disclose California income aggregating \$250 or more which you received during the reporting period from any business entity which is listed in accordance with the requirements of your disclosure category.

Disclosure Category III: You must disclose California income aggregating \$250 or more which you received during the reporting period from any business entity or non-profit institution which is listed in accordance with the requirements of your disclosure category.

EXCEPTIONS: DO NOT report the following as income:

- Income from a former employer, if all income from the employer was received by you prior to the time you became a designated employee, such income was received in the normal course of your employment, and you have no expectation of renewed employment with the former employer.
- Salary or reimbursements for expenses and per diem received from a state or local government agency.

- Gifts. These are reportable on Schedule F.
- Loans by a commercial lending institution in the regular course of business.
- Reimbursement for travel expenses and per diem received from a bona fide educational, academic or charitable organization.
- Any devise or inheritance.
- Dividends, interest or other return on a security which is registered with the Securities and Exchange Commission of the U.S. Government.
- Interest, dividends or premiums on a time or demand deposit in a financial institution, shares in a credit union or insurance policy, payments received under an insurance policy, bond or other debt instrument issued by a government or government agency.

<p>----- (Name of the Source of Income) -----</p> <p>----- (Address of the Source of Income) -----</p> <p>----- (Business Activity of the Source of the Income) -----</p>	<p style="text-align: center;"><u>Check One</u></p> <p>() Amount or value received was greater than \$250 but was not greater than \$1,000.</p> <p>() Amount or value received was greater than \$1,000 but was not greater than \$10,000.</p> <p>() Amount or value received was greater than \$10,000.</p>
<p>----- (Description of the Consideration, if any, for the income, e.g., employment) -----</p>	

.....repeat box.....

SCHEDULE F

Gifts Aggregating \$25 or More

Disclosure Category I: You must report gifts from a California source totaling \$25 or more during the reporting period.

Disclosure Categories II and III: You must report gifts totaling \$25 or more which you received during the reporting period from any business entity which is listed in accordance with the requirements of your disclosure category.

EXCEPTIONS: DO NOT report the following as gifts:

- Any gift of hospitality, food, or drink which you have reciprocated during the reporting period.
- Gifts of informational material, such as books, pamphlets, reports, calendars or periodicals.
- Gifts from your spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, sibling-in-law, aunt, uncle or first cousin, or the spouse of any such person, unless that person is acting as an agent or intermediary for any person or entity which is not covered by these exceptions.
- Any gift which you have not used and have returned within 30 days.
- Any gift which you have given to a charitable organization without claiming it as a charitable contribution for tax purposes.

Investments held by business entity.

<p>----- (Name of Investment)</p> <p>----- (General Description of Business Activity)</p> <p>----- (Nature of Interest, e.g., Common Stock, etc.)</p> <p>----- Date Acquired _____ Date Disposed of _____</p>	<p style="text-align: center;"><u>Check One</u></p> <p>() Your pro rata share exceeds \$1,000 but does not exceed \$10,000.</p> <p>() Your pro rata share exceeds \$10,000 but does not exceed \$100,000.</p> <p>() Your pro rata share exceeds \$100,000.</p>
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Interests in real property held by business entity.

<p>----- (Street address or precise location of property. If no street address, use book and page number at which deed is recorded, obtainable from County Recorder's Office)</p> <p>----- (Nature of interest, e.g., equity, option).</p> <p>----- Date Acquired _____ Date Disposed of _____</p>	<p style="text-align: center;"><u>Check One</u></p> <p>() Your pro rata share exceeds \$1,000 but does not exceed \$10,000.</p> <p>() Your pro rata share exceeds \$10,000 but does not exceed \$100,000.</p> <p>() Your pro rata share exceeds \$100,000.</p>
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-- Repeat boxes as necessary --

If you checked box (b) above, list the name of each California business entity or individual who paid fees during the calendar year to the above business entity, if your pro rata share of the fees was \$10,000 or more.

_____	_____
_____	_____
_____	_____
_____	_____

You must also list all investments of the above business entity in other California business entities, and all interests in real property held by the above business entity in California, if your pro rata share of such investments or interests is worth more than \$1,000.

State of California
AIR RESOURCES BOARD

Notice of Public Hearing For Consideration
of Revisions to ARB Conflict of Interest Code

Notice is hereby given that the Air Resources Board, pursuant to the authority vested by Section 39601 of the Health and Safety Code, and to implement, interpret, or make specific Section 87300 of the Government Code, proposes to revise the Conflict of Interest Code which it adopted at its meeting of May 27, 1976.

The Political Reform Act of 1974 requires that all state agencies, including the Air Resources Board, adopt a Conflict of Interest Code. The purpose of this Code is to assure that all foreseeable conflicts of interest of public officials will be disclosed and prevented, and to provide specific guidelines to public officials and employees of their obligation to avoid conflicts of interest and to disclose appropriate financial interests.

Any person who holds a position which entails the making or participation in the making of a governmental decision which may foreseeably have a material effect on any financial interests which may be held by that person shall be a "designated employee" under this Code. The Conflict of Interest Code requires that each designated employee file an annual statement disclosing reportable financial interests.

Pursuant to the authority vested by Section 83112 of the Government Code, the Fair Political Practices Commission may adopt, amend, and rescind rules and regulations to carry out the purposes and provisions of the Political Reform Act of 1974. In accordance with this authority, the Fair Political Practices Commission, at its meeting of August 5, 1976, revised its regulations in Title 2, California Administrative Code, by modifying its definition of the term "participates in the making of a governmental decision", as this term relates to the conflict of interest provisions of the Political Reform Act of 1974. The effect of this revision is to restrict the class of public officials who shall be "designated employees" under a Conflict of Interest Code to those employees whose participation in governmental decision-making processes entails negotiation with outside parties, the giving of advice or the making of recommendations to the decision maker either directly or without significant intervening substantive review.

Accordingly, the Air Resources Board proposes to revise its Conflict of Interest Code, as follows:

1. The disclosure categories contained in Article 2 of the Conflict of Interest Code will be modified so that only those Air Resources Board employees whose participation in the decision-making processes of the Board involves no significant substantive intervening review will be classified as "designated employees".

2. The number of disclosure categories contained in Article 2 of the Code will be expanded in order to adequately differentiate between Air Resources Board designated employees with different powers and responsibilities.
3. A number of minor revisions of a nonsubstantive nature will be made in order to clarify the phraseology of certain provisions of the Code.

Copies of the proposed revisions to the Code may be obtained from the Air Resources Board at P. O. Box 2815, Sacramento, CA 95812, Attention: Staff Counsel.

The Air Resources Board has determined that the proposed action will create no cost to local government pursuant to Section 2231 of the Revenue and Taxation Code.

Notice is also given that any interested person, including any Air Resources Board employee or official, may present statements or arguments orally or in writing relevant to the action proposed at a public hearing to be held by the Air Resources Board beginning at 10:00 a.m. on October 4, 1976, at the Sheraton Inn Hotel, 2550 West Clinton Avenue, Las Vegas Room #2, Fresno, California.

The Air Resources Board, upon its own motion or at the instance of any interested person, may thereafter adopt the above revisions substantially as set forth without further notice.

STATE AIR RESOURCES BOARD



James D. Boyd
Deputy Executive Officer

September 2, 1976