

BASIC RULE

No public official at any level of state or local government may make, participate in making or in any way use or attempt to use his/her position to influence a governmental decision in which he/she knows or has reason to know he/she has a disqualifying conflict of interest. A public official has a conflict of interest if the decision will have a reasonably foreseeable material financial effect on one or more of his/her economic interests, unless that effect is indistinguishable from the effect on the public generally. A conflict of interest is disqualifying if the public official's participation is not legally required.

Regulation § 18700

COMMON LAW PROHIBITIONS

Although California statutes largely cover the scope of conflicts, court decisions remain on the books as well. The common law still requires a public officer to exercise his or her powers with disinterested skill, zeal and diligence, primarily for the benefit of the public.

The Attorney General has cautioned that where there is no conflict under statutory law, there may still be special situations where a conflict of interest violating the common law could still arise. Prudence is advised to avoid any situations where private interests might be enhanced through official actions.

COMMON LAW
PROHIBITIONS

FINANCIAL VS. ECONOMIC INTERESTS

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 one or more of his or her economic interests.

Government Code § 87103

The Act's conflict of interest rules apply only to financial conflicts -- a conflict of interest may arise under the Act only with regard to those decisions in which the public official has an economic stake of a type recognized by the Act.

Under the Act and the FPPC's regulations, the terms "financial interest" and "economic interest" mean different things.

"Financial interest" denotes a conclusion: A public official has a financial interest in a decision if it is concluded that it is reasonably foreseeable that the decision will have a material financial effect on his or her economic stake.

"Economic interest" is a label applied to the particular types of stakes recognized by the Act as potential sources of a conflict of interest.