

# 31<sup>st</sup> Alaska State Legislature



## Senate Rules Committee

### SECTIONAL

Senate Bill 89 (SB 89) - "An Act relating to the Legislative Ethics Act; and providing for an effective date."

1. Section 1 amends AS 24.60.030(e).

a. How does it exist under HB 44 (2018)?

- i. Currently, a legislator can only take official action on an alleged "conflicted bill" in public discussion or debate (including in committee and on the floor).
- ii. In addition, the legislator is "conflicted" if the subject matter is connected to the legislator (or the legislator's immediate family) if the legislator (or the immediate family) made over \$10,000 in the immediate 12-month period.
- iii. The practical result?
  1. No private meetings about the "conflicted" subject matter.
  2. A severe restriction on official action, in multiple forms (drafting of legislation, discussion, etc.)
  3. A vast "net" of "conflict" because of the extension to the immediate family.

b. What are the proposed changes?

- i. The language is returned to the language used before 2018, prior to the passage of HB 44.
  1. This includes the following:
    - a. The language is returned to "unless required by the Uniform Rules of the Alaska State Legislature."
    - b. Passages that restrict legislator advocacy to only narrow avenues of public discussion or debate are eliminated.
    - c. The language re: "immediate family" is eliminated.
    - d. The income threshold of "\$10,000" for the "preceding 12-month period" is removed.

2. Section 2 amends AS 24.60.030(g).

a. How does it exist under HB 44 (2018)?

- i. Currently, conflicts (which are expanded, as mentioned above) have to be declared in the committee process and the floor.
    - ii. Conflicts are expanded to “financial interests” of a business, investment, real property, lease, or other enterprise. There is an expansion to measuring the “interest” against “the general public.”
    - iii. The practical result?
      - 1. Discussion on relevant issues is severely restricted.
      - 2. Conflicts will have to be declared in the committee process. If there is an alleged “conflict,” there are legitimate concerns about passing otherwise viable legislation from the committee because members would be barred from private discussion on certain topics.
      - 3. A broadening of the “scope of conflict” cast a “wide net.”
  - b. What are the proposed changes?
    - i. The “committee process” language is being removed.
    - ii. “Financial interest” is being changed to back to “equity or ownership interest.”
    - iii. “General public” is being returned to “substantial class of persons to which the legislator belongs as a member of a profession, occupation, industry, or region.”
3. Section 3 simply repeals AS 24.60.030(j)(2) and 24.60.990(a)(6).
- a. AS 24.60.030(j)(2) says:

“substantially benefit or harm” means the effect on the person's financial interest is greater than the effect on the financial interest of the general public of the state.
  - i. This language is being removed.
    - 1. Reasoning:
      - a. Unintended consequences.
      - b. Fairly easily, a legislator can have an alleged “substantial” “financial interest” in a specific area that’s greater than most of the general public of the state. The spectrum is wide as it can pertain to businesses, investments, real property, leases, or, broadly, other enterprises.
      - c. Since the language of “general public” in AS 24.60.030(g) is being changed back to “substantial class of persons to which the legislator belongs as a member of a profession, occupation, industry, or region,” this passage is appropriate for removal.
- b. AS 24.60.990(a)(6) says:

“financial interest” means ownership of an interest or an involvement in a business, including a property ownership, or a professional or private relationship, that is a source of income, or from which, or as a result of which, a person has received or expects to receive a financial benefit.

i. This language is being removed.

1. Reasoning:

a. Since the language of “financial interest” is being changed in AS 24.60.030(g) back to “equity or ownership interest,” this provision is being removed.

4. Section 4 makes the act effective immediately.