

HOUSE FINANCE COMMITTEE
May 17, 2003
4:29 P.M.

TAPE HFC 03 - 100, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 4:29 P.M.

MEMBERS PRESENT

Representative John Harris, Co-Chair
Representative Bill Williams, Co-Chair
Representative Kevin Meyer, Vice-Chair
Representative Ethan Berkowitz
Representative Mike Chenault
Representative Mike Hawker
Representative Beth Kerttula
Representative Carl Moses
Representative Bill Stoltze
Representative Jim Whitaker

MEMBERS ABSENT

Representative Croft
Representative Richard Foster
Representative Joule

ALSO PRESENT

Representative Bruce Weyhrauch; Kevin Jardell, Assistant Commissioner, Department of Administration

PRESENT VIA TELECONFERENCE

Brooke Miles, Director, Alaska Public Officers Commission, Anchorage

SUMMARY

#SB102

CS SB 102(L&C) An Act increasing the amount of revenue received by the state from charitable gaming activities; relating to taxes on pull-tabs; and providing for an effective date.

CS SB 102 (L&C) was scheduled but not HEARD.

#SB117

SB 117 An Act eliminating the longevity bonus program and making related conforming changes; and providing for an effective date.

SB 117 was scheduled but not HEARD.

CSSB 119(FIN) An Act authorizing the Alaska Public Offices Commission to issue advisory opinions; amending campaign financial disclosure and reporting requirements, campaign contribution limits, provisions related to contributions after elections, and provisions related to unused campaign contributions; providing for expedited consideration of, and modifying procedures for determining, violations of state election campaign laws; amending the time period within which to file an administrative complaint of a violation of state election campaign laws; amending the definitions of 'express communication' and 'political party' for state election campaigns; amending the registration fee for lobbyists; providing for increased use of electronic filing for reports to the Alaska Public Offices Commission; adding a definition of 'commission' in the regulation of lobbying laws; amending the requirements for the reporting of financial interests by public officials; adding a definition of 'domestic partner' in the legislative ethics code and in the public official financial disclosure requirements; allowing classified employees to take an active part in political party management; making conforming amendments; and providing for an effective date.

HCS CS SB 119 (FIN) was reported out of Committee with "no recommendations" and with fiscal note #5 by the Department of Administration.

#SB119

CS FOR SENATE BILL NO. 119(FIN)

An Act authorizing the Alaska Public Offices Commission to issue advisory opinions; amending campaign financial disclosure and reporting requirements, campaign contribution limits, provisions related to contributions after elections, and provisions related to unused campaign contributions; providing for expedited consideration of, and modifying procedures for determining, violations of state election campaign laws; amending the time period within which to file an administrative complaint of a violation of state election campaign laws; amending the definitions of 'express communication' and 'political party' for state election campaigns; amending the registration fee for lobbyists; providing for increased use of electronic filing for reports to the Alaska Public Offices Commission; adding a definition of 'commission' in the

regulation of lobbying laws; amending the requirements for the reporting of financial interests by public officials; adding a definition of 'domestic partner' in the legislative ethics code and in the public official financial disclosure requirements; allowing classified employees to take an active part in political party management; making conforming amendments; and providing for an effective date.

Co-Chair Harris MOVED to ADOPT work draft #23-GS1090\Q, Craver, 5/13/03, as the version of the legislation before the Committee. Representative Berkowitz OBJECTED for purposes of discussion.

KEVIN JARDELL, ASSISTANT COMMISSIONER, DEPARTMENT OF ADMINISTRATION, explained that the proposed committee substitute represented the bill before the Senate Finance Committee had amended it. He requested that Ms. Miles speak to the legislation.

BROOKE MILES, (TESTIFIED VIA TELECONFERENCE), DIRECTOR, ALASKA PUBLIC OFFICERS COMMISSION (APOC), ANCHORAGE, pointed out the two changes contained in the committee substitute. The first one identifies how campaign contributions are recorded. That language begins on Page 4, Line 30 through Page 5, Line 6. Under the "Q" version, disclosure of the names and addresses of the groups contributing would not be required to be reported unless the criteria described in Section 7 was met.

The second change speaks to the financial disclosure laws. That language begins on Page 19, Line 18, with deleting "\$5,000" and inserting "\$10,000"; the change would follow through on Pages 19, 20, & 21.

Co-Chair Williams asked why a change was made from \$1,000 dollars to \$5,000 dollars. Ms. Miles advised that change had been made before the Senate Finance Committee and was increased from \$5,000 to \$10,000 dollars.

In response to Co-Chair Williams, Ms. Miles commented that the agency supports increasing the threshold for many reasons. The public official financial disclosure law applies to the members on boards and commissions. The Administration thought that it would be difficult recruiting for those positions with inclusion of that requirement.

Representative Berkowitz WITHDREW his OBJECTION. There being NO further OBJECTION, Version "Q" was adopted as the working document.

Representative Stoltze MOVED to ADOPT Amendment #1. Co-Chair Williams OBJECTED for purposes of discussion.

Representative Stoltze stated that the amendment would delete the exemption for "AS 39.25.160(a)" on Line 22, Page 23. He noted that language was already in existing law. Currently, there is a bill on the House side, which addresses that concern.

Representative Berkowitz pointed out that classified employees are currently prohibited from participating above those levels. Representative Stoltze agreed, stating that he wanted to guarantee that continue to remain the case.

Representative Berkowitz OBJECTED to Amendment #1. He asked if the other repeallers would be similar prohibitions on a person's right to participate. Ms. Miles responded that they are not and explained the sections. Representative Berkowitz WITHDREW his OBJECTION, suggesting that it would protect the employees.

Co-Chair Williams advised that the Alaska Public Officers Commission (APOC) would like to see the bill before the Committee adopted.

REPRESENTATIVE BRUCE WEYRAUCH commented that the provisions of the House State Affairs version provided for the status quo, HB 157 versus SB 119. There are limits on lobbyist's contributions in both bills. There are more status quo decisions regarding how much could be given to political parties between the Senate and the House versions. When the process was in the House State Affairs Committee, there had been 30 amendments on the bill given no quantitative reasoning. Those have been reduced in the House version of the bill.

Representative Berkowitz stated that he had sat through the discussion during the House State Affairs consideration of the bill. Representative Weyhrauch interjected that there are good aspects of each bill. Ms. Miles added that the reporting period would end February 1st for the final disbursement of campaign assets.

Representative Weyhrauch inquired if there was a comparison between the House and Senate numbers. Ms. Miles advised that she had not prepared a "side by side" but recalled that an aspect of the House State Affairs version would keep political campaign limits the same as current law.

Co-Chair Williams inquired if Representative Weyhrauch wanted it to remain the same as the House version. Representative Weyhrauch explained that would be a Committee decision. He noted that he had not supported many of the reductions, noting that there is a benefit to increase some numbers to accommodate for change over time, but however, that was not the majority vote.

Representative Berkowitz offered to walk through the House and Senate versions of the bills. He mentioned areas of concern.

- An increase from \$100 to \$250 dollars of the annual amount paid before it is reported regarding who made the contribution. That language begins on Page 3, Sections 2 & 3, and if someone is given \$250 dollars a year, the number must be reported. Currently, the limit is \$100; a jump to \$250 dollars would be a significant contribution.

Ms. Miles countered that in the proposed version, a candidate or group would be reporting all contributors by name and address and amount of that contribution. If the contributor gives more than \$250 dollars, that person would also be identified by occupation and employer information. Representative Berkowitz responded that would address his concern.

Representative Berkowitz pointed out an additional worrisome area:

- Sections 8 & 9, increased contribution limits from \$500 to \$1,000 and from \$5,000 to \$10,000. Those types of increases will advantage an incumbent and would stack the deck against people wanting to get into politics. He stated that the lower limits are preferable. The proposed change provides for a laundry machine of "soft money".

Ms. Miles advised that the Commission's concern with doubling the limit was inflationary. They were looking at how much \$500 dollars could buy in 1996 and how much it buys in 2003. They considered it was timely for the limits to increase.

Representative Berkowitz questioned if there had been an increased number of \$500 dollar contributions. Mr. Miles replied that there had not been a study done. Before 1996, contributions amounted to \$1,000 dollars and after 1996, \$500 dollars. There are more contributors giving now than were in 1996.

Representative Weyhrauch interjected that both bills contain good ideas especially regarding the advisory opinion portion.

Representative Berkowitz acknowledged that is good that there are more small contributors than there had been in the past, which indicates that more people are participating in the process.

Representative Berkowitz stated that Section 11 was of concern regarding to the amount of contribution that can be made in a calendar year. Ms. Miles explained that the way in which they had been administered, the resident limit was per calendar year. When the language was being drafted, the attorneys felt that without the clarification, they could become lifetime limits.

Representative Berkowitz pointed out that was also in the House version. He added that in the House version, Section 19 speaks to the amount of time that someone could be a lobbyist and is not contained in the Senate version.

Representative Berkowitz recommended keeping the limits as they currently are. He MOVED to delete Sections 8, 9 & 10, which would leave the campaign contribution limits as they are today. Co-Chair Williams OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Whitaker, Berkowitz, Hawker
OPPOSED: Stoltze, Chenault, Meyer, Harris, Williams

Representative Foster and Representative Kerttula were not present for the vote.

The MOTION FAILED (4-5).

Co-Chair Harris MOVED to report HCS CS SB 119 (FIN) out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HCS CS SB 119 (FIN) was reported out of Committee with "no recommendations" and with fiscal note #5 by the Department of Administration.

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ADJOURNMENT

The meeting was adjourned at 4:59 P.M.