

ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE

January 24, 2006

8:09 a.m.

MEMBERS PRESENT

Representative Paul Seaton, Chair
Representative Carl Gatto, Vice Chair
Representative Jim Elkins
Representative Bob Lynn
Representative Jay Ramras
Representative Berta Gardner
Representative Max Gruenberg

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative David Guttenberg

COMMITTEE CALENDAR

CONFIRMATION HEARINGS(S)

Commissioner, Department of Administration

Scott J. Nordstrand - Juneau

- CONFIRMATION HEARD

Lieutenant Governor Designee

William A. Corbus - Juneau

- CONFIRMATION HEARD

Alaska Public Offices Commission (APOC)

William Walters - Fairbanks

- CONFIRMATION HEARD

HOUSE BILL NO. 278

"An Act relating to the Alaska Municipal Bond Bank Authority; permitting the Alaska Municipal Bond Bank Authority or a subsidiary of the authority to assist state and municipal governmental employers by issuing bonds and other commercial paper to enable the governmental employers to prepay all or a portion of the governmental employers' shares of the unfunded accrued actuarial liabilities of retirement systems and authorizing governmental employers to contract with and to issue bonds, notes, or commercial paper to the authority or its subsidiary corporation for that purpose; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 194

"An Act prohibiting a public officer from taking official action regarding a matter in which the public officer has a significant financial interest; and defining 'official action' for purposes of the chapter generally referred to as the Executive Branch Ethics Act."

- MOVED CSHB 194(STA) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 278

SHORT TITLE: RETIREMENT SYSTEM BONDS

SPONSOR(S): REPRESENTATIVE(S) HAWKER

04/19/05	(H)	READ THE FIRST TIME - REFERRALS
04/19/05	(H)	STA, FIN
01/12/06	(H)	STA AT 8:00 AM CAPITOL 106
01/12/06	(H)	Heard & Held
01/12/06	(H)	MINUTE(STA)
01/17/06	(H)	STA AT 8:00 AM CAPITOL 106
01/17/06	(H)	Heard & Held
01/17/06	(H)	MINUTE(STA)
01/19/06	(H)	STA AT 8:00 AM CAPITOL 106
01/19/06	(H)	Heard & Held
01/19/06	(H)	MINUTE(STA)
01/24/06	(H)	STA AT 8:00 AM CAPITOL 106

BILL: HB 194

SHORT TITLE: EXEC. BRANCH ETHICS: FINANCIAL INTERESTS

SPONSOR(S): REPRESENTATIVE(S) GARA

03/03/05	(H)	READ THE FIRST TIME - REFERRALS
----------	-----	---------------------------------

03/03/05 (H) STA, JUD
04/26/05 (H) STA AT 8:00 AM CAPITOL 106
04/26/05 (H) Heard & Held
04/26/05 (H) MINUTE(STA)
01/24/06 (H) STA AT 8:00 AM CAPITOL 106

WITNESS REGISTER

SCOTT NORDSTRAND, Commissioner
Department of Administration
Juneau, Alaska

POSITION STATEMENT: Testified as appointed commissioner to the Department of Administration.

WILLIAM A. CORBUS, Lieutenant Governor Designee
Juneau, Alaska

POSITION STATEMENT: Testified as Lieutenant Governor Designee.

WILLIAM WALTERS, Appointee
to the Alaska Public Offices Commission (APOC)
Fairbanks, Alaska

POSITION STATEMENT: Testified as appointee to APOC.

REPRESENTATIVE DAVID GUTTENBERG
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Stated for the record his opinion of William Walters, appointee to the Alaska Public Offices Commission (APOC).

REPRESENTATIVE LES GARA
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified as sponsor of HB 194.

ACTION NARRATIVE

CHAIR PAUL SEATON called the House State Affairs Standing Committee meeting to order at [8:09:23 AM](#). Present at the call to order were Representatives Gatto, Elkins, Lynn, Gruenberg, and Seaton. Representatives Ramras and Gardner arrived as the meeting was in progress.

CONFIRMATION HEARING(S)

Commissioner, Department of Administration

8:11:11 AM

CHAIR SEATON brought before the committee the appointment of Scott J. Nordstrand to the position of Commissioner of the Department of Administration.

8:11:18 AM

SCOTT NORDSTRAND, Commissioner, Department of Administration, offered a brief synopsis of his background. He told the committee that he was raised in Wisconsin, earned a Bachelor of Science from the University of Wisconsin, and graduated from the University of North Dakota, with a degree in law. He came to Alaska as a law clerk. In 2003, Governor Frank Murkowski appointed Commissioner Nordstrand as deputy attorney general for the Civil Division of the Department of Law, where he supervised all civil legal matters and 140 lawyers in the division. He served as deputy attorney general until his recent appointment by Governor Murkowski as Commissioner of Administration. He noted that he had been the acting attorney general after Attorney General Gregg Renkes left the position.

8:15:08 AM

COMMISSIONER NORDSTRAND stated that he is perhaps the only attorney to have been appointed Commissioner of Administration. He noted that there are many attorneys in the various offices within the department, and he said he understands the unique problems that they face. He said he has also spent much time working as an employment lawyer, which is helpful background for the department's work with personnel, labor relations, and retirement and benefits. As a commercial and tort lawyer he is familiar with contract, building lease, and procurement issues that surface in the realm of general services. He stated his greatest qualification is that as deputy attorney general for the Civil Division, he provided legal services to the Department of Administration for the last three years, which gave him a broad background regarding the issues of the department.

8:17:06 AM

COMMISSIONER NORDSTRAND cited the following needs of the department within the area of technology: to upgrade its phone system; to "standardize on Microsoft," the company with which the department has entered into an enterprise agreement; to give greater technological support to attorneys in the department; to further consider a case management system; to reduce the number

of contracts within the department to a single contract in order to save money; to implement electronic tools in order to "better reuse work product for lawyers"; and to stabilize the computer system at the Alaska Public Offices Commission (APOC).

COMMISSIONER NORDSTRAND stated that another important area that needs work is in supporting state employees. One way to do that, he said, is to provide good retirement and benefit programs. He said the process is currently in motion, "rolling out the new defined contribution plan." He mentioned RFPs for record-keeping and education and financial advise in relation to the new plan. He said the department is also in the process of procuring a third-party administrator for the state's health plan. The department supports state employees through the implementation of a new state travel office, which has been successful in reducing Medicaid travel costs. Commissioner Nordstrand said another way to support state employees is to improve their environment, which he said involves addressing deferred maintenance. He said the department is committed to obtaining the funds to continue fixing buildings in disrepair. He shared an anecdote.

[8:20:51 AM](#)

REPRESENTATIVE GATTO remarked that in some cases it is not just plumbing, for example, that needs to be fixed, but the whole building.

[8:21:57 AM](#)

COMMISSIONER NORDSTRAND told Representative Gatto that the department's General Services Division has a spreadsheet showing every problem in every state-owned building and a plan to address them. He supported having a priority list for fixing them, and he said it's a matter of how much money to spend at any given time. Commissioner Nordstrand emphasized that steady progress is being made.

[8:23:14 AM](#)

REPRESENTATIVE GATTO asked Commissioner Nordstrand if he supports or opposes government ownership of buildings. He mentioned another option would be to lease buildings instead of owning them.

[8:23:41 AM](#)

COMMISSIONER NORDSTRAND offered his understanding that the state currently owns and manages 19 buildings, which he supports. He estimated that the state is involved in 550 leases aside from the property it owns. He said there is a public building fund, wherein agencies that populate the state-owned buildings make monthly payments towards the continued maintenance.

[8:24:53 AM](#)

REPRESENTATIVE GRUENBERG asked Commissioner Nordstrand if he has a team that specifically deals with building problems.

[8:25:27 AM](#)

COMMISSIONER NORDSTRAND, in response to a question from Representative Gruenberg, reiterated that the people who work in General Services deal with the problems in buildings. In response to follow-up questions from Representative Gruenberg, he confirmed that the state leases property and there is a team of five leasing agents who procure and supervise the leasing of the state properties, as well as negotiate with landlords when there are problems.

[8:26:06 AM](#)

CHAIR SEATON noted that last year the headquarters for the Alaska Marine Highway System were moved from Juneau to Ketchikan. He said, "At that time we were going into the lease of a building that was 50 years old [and not insulated]." He stated his understanding that at that time the owner of the building was responsible for the heat. He said his understanding now is that there is a move for the state to buy the building and "take all that liability on ourselves." He asked Commissioner Nordstrand to comment from the department's standpoint as to whether that would be a good idea.

[8:27:16 AM](#)

COMMISSIONER NORDSTRAND responded that he doesn't know about the specifics of that case, but as a general rule he doesn't think the state should buy buildings that are not in good condition or cannot be brought up to better condition.

[8:28:42 AM](#)

REPRESENTATIVE ELKINS said he was surprised to learn that elevators in the capitol are the legislature's responsibility.

8:29:19 AM

REPRESENTATIVE GARDNER said she has a particular interest in ethics and full disclosure and has been talking with people in APOC about some of their needs. She said yesterday she learned that the people at APOC were impressed that Commissioner Nordstrand had come to one of their meetings, because that had never happened before.

8:29:58 AM

CHAIR SEATON said the legislature passed a law that required electronic reporting. Then an exemption was passed that allowed the reporting to be done by hand, which Chair Seaton said was good because the system was so slow. He asked Commissioner Nordstrand to provide more details regarding the previously mentioned APOC computer upgrade.

8:30:50 AM

COMMISSIONER NORDSTRAND replied that the upgrades are twofold: First is the delivery of data to the public, through the web site. That delivery of information is the primary purpose of APOC, he said. In the past, he explained, there have been problems with heavy traffic to the web site, which is not acceptable. He said he has been trying to find a more "bulletproof" means of delivering the information. He said that is going to be done before the next election cycle. Second is the use of resources at APOC. He said currently there is a rate of approximately 15 percent electronic filing, which he said is woefully low. He stated that it's a time-consuming process to enter data by hand, and mistakes can be made. He encouraged the use of electronic filing. He said it is known that the software provided in the past to use for electronic filing is problematic; therefore, as an interim solution, APOC developed a spreadsheet that can be used to input data and then be sent by e-mail. He reported that there is a long-term, web-based data input process that is under development, but it is not scheduled to be done until 2007. Commissioner Nordstrand stated his desire to find some interim tools that will allow more people to file electronically. He mentioned the question of mandatory versus voluntary and said, "I think the answer is to try to guilt people into doing it and to make it easy for them to do it." He said raising the rate of electronic filing to 50 percent would free up the time for the people at APOC to be even more responsive to questions and to educate.

[8:34:09 AM](#)

REPRESENTATIVE RAMRAS complimented the director of the Division of Motor Vehicles, Mr. Bannock, for his work, and he asked Commissioner Nordstrand to comment on that agency, which he said affects tens of thousands of Alaskans.

[8:35:42 AM](#)

COMMISSIONER NORDSTRAND recollected that Mr. Bannock finds himself to be a success if 94-95 percent of the time the wait at the Division of Motor Vehicles is 20 minutes or less. He said Mr. Bannock eliminates some of his customers by utilizing business partnerships. He mentioned legislation which might help maintain those relationships and expand them further.

[8:37:22 AM](#)

REPRESENTATIVE LYNN indicated that the program [used by APOC] doesn't always recognize upgrades. He said he had that happen when trying to do campaign, legislative, and personal business. Regarding campaign disclosures filed with APOC, he noted that they can be done electronically or by hand. He said he suspects that some people purposely write poorly to slow down the process. He described such an action as playing games to the detriment of the public. He said he would like to see some kind of electronic disclosure system where anybody can instantaneously see any campaign contributions made. He said he thinks that would streamline APOC to be able to do the things it is supposed to be doing. He asked Commissioner Nordstrand to investigate the issue.

[8:42:05 AM](#)

COMMISSIONER NORDSTRAND said he would be happy to look into that but thinks it would require statutory revisions.

[8:42:39 AM](#)

CHAIR SEATON, regarding a new identification system to replace passports to get into Canada, asked if that is the purview of a state agency.

[8:43:02 AM](#)

COMMISSIONER NORDSTRAND said he doesn't know but suspects that it may be issued by the federal government as a sort of "passport light" - an alternative to requiring everyone to have a passport.

[8:43:34 AM](#)

CHAIR SEATON stated his understanding that federal laws have been passed that would require verification of U.S. citizenship before the issuance of drivers' licenses. He asked Commissioner Nordstrand, "Do you have any plans for how to do that?"

[8:44:42 AM](#)

COMMISSIONER NORDSTRAND said he thinks the federal program is called the "Real ID program." He said it will put additional burdens on the Division of Motor Vehicles to verify that the people to whom it gives identification cards are really who they say they are. He said he understands scanners are being installed and birth certificates will be scanned into the system. He said he thinks there are significant new requirements for the Division of Motor vehicles and [Mr. Bannock] considers himself to be part of the front line of national defense, in terms of that issue.

[8:45:45 AM](#)

CHAIR SEATON said there is a large population living in the Alaska Bush, many of whom were not born in a hospital. He said he hopes there would be communication with that population to prevent someone traveling to a city to get a license only to have it denied.

[8:46:17 AM](#)

REPRESENTATIVE GARDNER stated her understanding that there may be some lawsuits pending "on that issue."

[8:46:38 AM](#)

REPRESENTATIVE GATTO mentioned Radio Frequency Identification (RFID) and explained how it worked. He told Commissioner Nordstrand that he bought the Quicken computer program and answered everything on his "report" on Quicken; however, he predicts he will have to hand copy everything on that report onto an APOC form. He said he would like to see a system by which a person could just send APOC a floppy disc and be done

with it. He stated that he would love to streamline the whole APOC reporting system.

[8:51:07 AM](#)

CHAIR SEATON observed that the committee members are relating their frustrations with APOC, and he said he is glad that Commissioner Nordstrand is working on the problems in APOC.

[8:51:37 AM](#)

COMMISSIONER NORDSTRAND, in response to Representative Gruenberg's request from a prior day regarding Alaska Communication Systems, Inc. (ACS) and contract extensions, said he has not yet had a chance to report on the subject, but he will.

[8:52:14 AM](#)

REPRESENTATIVE GRUENBERG asked what changes would be made with the structure of labor relations and negotiating teams.

[8:52:42 AM](#)

COMMISSIONER NORDSTRAND answered none. In response to a follow-up question from Representative Gruenberg, said he mentioned two current negotiations, but said none of the major contracts are up this year. He offered further details.

[8:53:39 AM](#)

REPRESENTATIVE GRUENBERG asked Commissioner Nordstrand to contrast what his role will be in negotiations as commissioner versus what it was as deputy attorney general.

[8:54:11 AM](#)

COMMISSIONER NORDSTRAND responded that his role as deputy attorney general was to provide legal advise to Labor Relations as that entity requested it. He said very little had to do with actual contract negotiations; more often labor lawyers from the Department of Law were used in connection with grievance arbitrations. As Commissioner of the Department of Administration, he said, he supervises Labor Relations through a deputy and doesn't see his role as being any different than that of any prior commissioner. He stated that where the commissioner is really involved is in figuring out expenditures

and balancing the budget, as well as "getting sign-on from the governor's office on making proposals" He said that he does not presume to be involved in the details of contract negotiations as commissioner, and he added that his legal background is not as a labor negotiator.

[8:55:44 AM](#)

REPRESENTATIVE LYNN indicated that money is given to the Union Health Trust to spend on contracts, and he said it appears that control over what that trust does is being lost. He offered an example of a constituent who couldn't get the Union Health Trust to pay for a circumcision, "but they could, in fact, use it for abortion." He asked if it is possible to insist on where the money goes, or if "we just lose total control of what these people do with it."

[8:56:56 AM](#)

COMMISSIONER NORDSTRAND said [the Union Health Trust] largely runs itself, and the department has limited ability to supervise what plans it pays and how it pays them. He offered his understanding that the department simply sends the money to essentially pay the premiums for the trust.

[8:57:38 AM](#)

REPRESENTATIVE LYNN said it seems that since it is the state's money going to the trust, the state should have the ability to "tie some strings" regarding how that money will be spent.

[8:57:45 AM](#)

REPRESENTATIVE GRUENBERG asked Commissioner Nordstrand what his role will be in the administration of the new retirement plans.

[8:58:05 AM](#)

COMMISSIONER NORDSTRAND said he is referred to as the administrator of all the plans - the legacy plans as well as the new defined contribution plan. As a result of SB 141, he sits on the new Alaska Retirement Management (ARM) Board. He opined that the financial advise and education component of the new retirement plan are the most important factors. He emphasized the importance of ensuring employees on the new plan can get help in making choices between the 10 or more funds that are available to them.

CHAIR SEATON thanked Commissioner Nordstrand for sitting before the committee.

[The confirmation hearing for Commissioner Nordstrand was held over to the Thursday, January 26, 2006, meeting of the House State Affairs Standing Committee.]

Lieutenant Governor Designee

[8:59:48 AM](#)

CHAIR SEATON brought before the committee the appointment of William A. Corbus to the position of Lieutenant Governor Designee. He noted the existence of AS 44.19.040, which read as follows:

Sec. 44.19.040. Appointment of successor to lieutenant governor.

After taking an initial term of office, the governor shall appoint, from among the officers who head the principal departments of the state government or otherwise, a person to succeed to the office of lieutenant governor if the office of lieutenant governor becomes vacant. The appointment is subject to confirmation by a majority of the members of the legislature meeting in joint session. The person designated and confirmed is next in line for succession to the office of lieutenant governor, subject to the pleasure of the governor. If the person designated and confirmed is removed from or vacates the appointment, the governor shall appoint a successor subject to confirmation in the same manner as the person initially appointed.

CHAIR SEATON stated that even though the language in statute is "shall", the appointment of a successor to the lieutenant governor has only been done twice before.

[9:01:56 AM](#)

WILLIAM A. CORBUS, Lieutenant Governor Designee, told the committee that he has served as the Commissioner of the Department of Revenue since December 16, 2002. He said Governor Frank Murkowski submitted his name for Lieutenant Governor Designee, as specified in the previously noted statute. He said

he has lived in Alaska since March 1970 and, prior to coming to work for the administration, was employed primarily as the general manager for the Alaska Electric Light & Power Company. He also served as bank director for 25 years for three different banks. He said he has been active in civic affairs, participated in trade organizations such as the Alaska State Chamber of Commerce, served on various state municipal boards and commissions, and worked with nonprofit organizations that address some of the state's social problems. He concluded, "Consistent with my previous service to my community and the state, I accepted the position of Commissioner of [the Department of] Revenue in order to help the governor contribute to the betterment of our state. Similarly, I'm willing to accept this contingent responsibility under AS 44.19.040."

[9:04:14 AM](#)

MR. CORBUS, in response to a question from Chair Seaton, cited the duties of the lieutenant governor: to oversee the activities of the Division of Elections; to oversee the processing of regulations; to keep the seal; to approve notary public certificates; to distribute copies of the Alaska State Constitution on request; to serve on three boards; and, most importantly, to be next in line [after the lieutenant governor], should something happen to the present governor.

MR. CORBUS, in response to a question from Representative Gruenberg, confirmed that he would have to relinquish his job as Commissioner of the Department of Revenue if he were needed to step into the role of Lieutenant Governor.

[9:06:46 AM](#)

MR. CORBUS, in response to a question from Representative Ramras, said he has no aspirations to be governor.

[9:06:52 AM](#)

REPRESENTATIVE GATTO recalled all the events that Lieutenant Governor Loren Leman attended over the last weekend, and he said it's a welcome feeling to have a person from a high level of government show up at small community events.

[The confirmation hearing for Mr. Corbus was held over to the Thursday, January 26, 2006, meeting of the House State Affairs Standing Committee.]

Alaska Public Offices Commission (APOC)

9:09:29 AM

CHAIR SEATON brought before the committee the appointment of William Walters to the Alaska Public Offices Commission (APOC).

9:09:52 AM

WILLIAM WALTERS, Appointee to the Alaska Public Offices Commission (APOC), noted that his appointment took place on May 19, 2005. He said he has lived in Alaska since 1981. He worked for the Alaska Gold Company and presently works as a hearing officer for the Division of Workers' Compensation, within the Department of Labor & Workforce Development. He noted that he has served on the Fairbanks Northstar Borough Planning Commission and on a local boundary commission for the state. He said he was born in Pennsylvania, attended law school at the University of Texas at Austin, and practiced law there for several years before coming up to Alaska. He said he is undertaking this appointment as a public service and would be honored to serve the state.

9:11:40 AM

MR. WALTERS, in response to a question from Representative Gruenberg, said he is not on the Alaska Bar but is on the Texas Bar. In response to a follow-up question from Representative Gruenberg, he said it is not a requirement to be a member of the Alaska bar in order to be a hearing officer for the Division of Workers' Compensation.

9:13:46 AM

REPRESENTATIVE GRUENBERG asked Mr. Walters if he thinks it should be a requirement to be a member of the Alaska Bar in order to be a hearing officer.

9:14:10 AM

MR. WALTERS responded that since he is a hearing officer he doesn't think it would be appropriate to answer that question.

9:14:57 AM

MR. WALTERS, in response to a question from Chair Seaton, said he does not see any conflict in being a hearing officer for the

Division of Workers' Compensation and serving on APOC. He revealed that he has had to file APOC disclosures since 1987 and, therefore, is in a situation of potentially overseeing problems that may arise in his own files. He said that would be the same case as with any other public officer with the State of Alaska. He stated that certainly if he saw a conflict he would recuse himself from "any case involving something that could possibly touch on me."

[9:15:40 AM](#)

CHAIR SEATON remarked that Mr. Walters' having gone through the APOC system may give him a better appreciation of how it works.

[9:16:16 AM](#)

REPRESENTATIVE LYNN asked Mr. Williams what he would do to make APOC a better operation than it already is.

[9:16:58 AM](#)

MR. WALTERS agreed that with its 8- to 9-member staff, APOC is covering quite a broad spectrum of issues and undertaking quite a bit of work. "The computer programs that are being worked on will no doubt help the agency in its work and hopefully make it much more useable to the public and easier for those of us that have to file," he said. He encouraged the legislature to keep an eye on the agency's budget and continue to support APOC. He said he is aware that APOC has had incremental budget cuts over the years and has done "a yeoman effort" in keeping up with the work.

[9:17:55 AM](#)

CHAIR SEATON said when the switch was made to electronic filing, the legislature cut APOC's budget; however, when at the last moment paper filing was reinstituted, the legislature did not follow that with a budget increase. He said the legislature has to take some responsibility for that.

[9:18:29 AM](#)

REPRESENTATIVE DAVID GUTTENBERG, Alaska State Legislature, stated for the record his opinion that Mr. Walters is "one of the most level-headed, focused, articulate people you'll find" and "has a clear way of getting to the point and making the right decision." He said Mr. Walters has high moral standards

and values that he imposes on himself and can be trusted to make a right decision.

CHAIR SEATON announced that the confirmation hearing for Mr. Walters would be held over until Thursday, January 26, 2006.

HB 278-RETIREMENT SYSTEM BONDS

[9:19:47 AM](#)

CHAIR SEATON announced that the next order of business was HOUSE BILL NO. 278, "An Act relating to the Alaska Municipal Bond Bank Authority; permitting the Alaska Municipal Bond Bank Authority or a subsidiary of the authority to assist state and municipal governmental employers by issuing bonds and other commercial paper to enable the governmental employers to prepay all or a portion of the governmental employers' shares of the unfunded accrued actuarial liabilities of retirement systems and authorizing governmental employers to contract with and to issue bonds, notes, or commercial paper to the authority or its subsidiary corporation for that purpose; and providing for an effective date."

CHAIR SEATON noted that in the committee packet there is a letter from Tamara Cook, Director, Legal Services, dated January 5, 2006, which is a response to questions from the House Special Committee on Ways and Means chair, Representative Bruce Weyhrauch. Chair Seaton said Representative Weyhrauch's questions were in regard to [municipalities] and "issuance without a vote" or "not applying to capital projects."

CHAIR SEATON, after ascertaining that there was no one to testify, closed public testimony. He said the committee is awaiting an amendment. He asked the committee members to look at all the information in their packets and be ready to move the bill at its next hearing.

[HB 278 was heard and held.]

HB 194-EXEC. BRANCH ETHICS: FINANCIAL INTERESTS

[9:22:07 AM](#)

CHAIR SEATON announced that the last order of business was HOUSE BILL NO. 194, "An Act prohibiting a public officer from taking official action regarding a matter in which the public officer has a significant financial interest; and defining 'official

action' for purposes of the chapter generally referred to as the Executive Branch Ethics Act."

[9:22:20 AM](#)

REPRESENTATIVE LES GARA, Alaska State Legislature, testified as sponsor of HB 194. He reviewed that the bill came about last year because of ethics questions revolving around "the Gregg Renkes affair." He mentioned Mr. Bundy, an independent counsel, and a counsel for the Personnel Board.

REPRESENTATIVE GARA reviewed the problem as follows:

Even though the law prevents you from acting in a way to benefit your own financial interest, there's always been an exception in the law that says, "Except when that interest is insignificant." And the attorneys said maybe it's not so clear what insignificant is in our law.

REPRESENTATIVE GARA reminded the committee of the numerous amendments that were bandied about to decide on an amount that could be called significant, finally deciding on \$10,000, which is right in line with what many other states do. He said the public called for a quick fix and "this, I think, is an appropriate way to deal with that issue."

[9:24:27 AM](#)

CHAIR SEATON noted that a copy of the "Alaska Executive Branch Ethics Act" is in the committee packet.

[9:25:10 AM](#)

REPRESENTATIVE GARA, in response to a question from Representative Gatto, confirmed that there is a separate ethics code for executive ethics.

[9:25:25 AM](#)

REPRESENTATIVE GATTO asked Representative Gara if he thinks there should be one set of rules for the executive and legislative to follow.

[9:25:40 AM](#)

REPRESENTATIVE GARA said he doesn't think so. He said he doesn't think an executive branch member should ever work on an issue that has a bearing on his/her financial situation. Legislators on the House floor declare their conflict, then still have to vote. He said if executive [ethics] rules applied on the House floor, for example, then many House members would not be allowed to vote, even on mundane issues. He suggested that the legislative ethics rules might be strengthened, but should not be the same.

9:26:49 AM

CHAIR SEATON said he thinks the general provisions are there, but how they should apply to an elected official versus an administrative official are slightly different.

9:27:11 AM

REPRESENTATIVE RAMRAS said he is an advocate of clean government but wants to know how an amount is decided upon - how the bright line is set.

9:28:51 AM

REPRESENTATIVE GARA said the language of the law says a person cannot use state time, property, equipment, or official action to benefit his/her personal interest. He continued:

I think that should be the end of the law; I think you just shouldn't do it if it benefits you. A lot of people had made the point that if ... it's a minor financial interest, then it's not that big of a deal. And so, there's this exception in our law that says if the amount is insignificant, then we're just not going to hassle you about it. I ... don't know that I agree with that exception; I think I might just have the flat rule that if you do something to benefit yourself or your financial position, it's improper. But recognizing that almost no other state goes that far, and recognizing that Mr. Bundy and Mr. Daniel had done a fair amount of research to try and figure out what might be most workable, I decided to go with what seems to fall within the range of what other states have done, and they grant the exception for what is \$5,000 or \$10,000 worth of a financial interest.

REPRESENTATIVE GARA said there is no scientific reason that he chose the amount of \$5,000, and he said he thinks the committee's choice of \$10,000 is fine.

[9:30:53 AM](#)

CHAIR SEATON, after ascertaining that there was no one else to testify, closed public testimony.

[9:32:01 AM](#)

REPRESENTATIVE GATTO moved to report HB 194, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 194(STA) was reported out of the House State Affairs Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at [9:32:50 AM](#).