

**ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE**

March 3, 2007

10:04 a.m.

MEMBERS PRESENT

Representative Bob Lynn, Chair
Representative Bob Roses, Vice Chair
Representative John Coghill
Representative Kyle Johansen
Representative Craig Johnson
Representative Andrea Doll
Representative Max Gruenberg

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 109

"An Act relating to the requirement for candidates, groups, legislators, public officials, and other persons to submit reports electronically to the Alaska Public Offices Commission; relating to disclosures by legislators, public members of the Select Committee on Legislative Ethics, legislative directors, public officials, and certain candidates for public office concerning services performed for compensation and concerning certain income, gifts, and other financial matters; requiring legislators, public members of the Select Committee on Legislative Ethics, legislative directors, public officials, and municipal officers to make certain financial disclosures when they leave office; relating to insignificant ownership interest in a business and to gifts from lobbyists for purposes of the Alaska Executive Branch Ethics Act; relating to certain restrictions on employment after leaving state service for purposes of the Alaska Executive Branch Ethics Act; and providing for an effective date."

- MOVED CSHB 109(STA) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 109

SHORT TITLE: DISCLOSURES & ETHICS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/25/07	(H)	READ THE FIRST TIME - REFERRALS
01/25/07	(H)	STA, JUD
01/30/07	(H)	STA AT 8:00 AM CAPITOL 106
01/30/07	(H)	Heard & Held
01/30/07	(H)	MINUTE(STA)
02/03/07	(H)	STA AT 10:00 AM SPEAKER'S CHAMBER
02/13/07	(H)	STA AT 8:00 AM CAPITOL 106
02/13/07	(H)	<Postponed Pending Subcommittee Report>
02/15/07	(H)	STA AT 8:00 AM CAPITOL 106
02/15/07	(H)	<Postponed Pending Subcommittee Report>
02/20/07	(H)	STA AT 8:00 AM CAPITOL 106
02/20/07	(H)	<Postponed Pending Subcommittee Report>
02/22/07	(H)	STA AT 8:00 AM CAPITOL 106
02/22/07	(H)	Heard & Held
02/22/07	(H)	MINUTE(STA)
02/27/07	(H)	STA AT 8:00 AM CAPITOL 106
02/27/07	(H)	Heard & Held
02/27/07	(H)	MINUTE(STA)
03/01/07	(H)	STA AT 8:00 AM CAPITOL 106
03/01/07	(H)	Heard & Held
03/01/07	(H)	MINUTE(STA)
03/03/07	(H)	STA AT 10:00 AM CAPITOL 106

WITNESS REGISTER

REPRESENTATIVE BERTA GARDNER

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Suggested an amendment to HB 109.

IRIS MATTHEWS, Staff

to Representative Berta Gardner

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Explained the language in Amendment 14 during the hearing on HB 109.

DAVID JONES, Senior Assistant Attorney General

Opinions, Appeals, & Ethics

Civil Division (Anchorage)

Department of Law

Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 109.

JOYCE ANDERSON, Administrator

Select Committee on Legislative Ethics
Legislative Agency & Offices
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 109.

REPRESENTATIVE PAUL SEATON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Reviewed changes made to Revised Amendment 22, during the hearing on HB 109.

ACTION NARRATIVE

CHAIR BOB LYNN called the House State Affairs Standing Committee meeting to order at [10:03:51 AM](#). Representatives Roses, Coghill, Johansen, Johnson, Gruenberg, Doll, and Lynn were present at the call to order.

HB 109-DISCLOSURES & ETHICS

[10:04:15 AM](#)

CHAIR LYNN announced that the only order of business was HOUSE BILL NO. 109, "An Act relating to the requirement for candidates, groups, legislators, public officials, and other persons to submit reports electronically to the Alaska Public Offices Commission; relating to disclosures by legislators, public members of the Select Committee on Legislative Ethics, legislative directors, public officials, and certain candidates for public office concerning services performed for compensation and concerning certain income, gifts, and other financial matters; requiring legislators, public members of the Select Committee on Legislative Ethics, legislative directors, public officials, and municipal officers to make certain financial disclosures when they leave office; relating to insignificant ownership interest in a business and to gifts from lobbyists for purposes of the Alaska Executive Branch Ethics Act; relating to certain restrictions on employment after leaving state service for purposes of the Alaska Executive Branch Ethics Act; and providing for an effective date." [Before the committee was CSHB 109, Version 25-GH1059\K, Wayne, 2/21/07.]

[Due to technical difficulties the recording is interrupted and doesn't resume until 10:07:54 AM. The intervening testimony was compiled from the committee secretary's log notes.]

CHAIR LYNN recalled that at its last meeting, the committee had been discussing Amendment 20. [Although no motion had been made to adopt Amendment 20], Chair Lynn announced that Amendment 20 was tabled.

REPRESENTATIVE COGHILL, in response to a question from Representative Gruenberg, clarified that Amendment 20 dealt with the issue of disclosure of blind trusts.

CHAIR LYNN announced that the committee would address [New] Amendment 11, an amendment presented to the committee by Representative Berta Gardner. [Representative Gardner's original Amendment 11 had been moved for adoption by Representative Gruenberg during the 2/27/07 hearing on HB 109, with objections by Representatives Johnson and Coghill, but was tabled on that date.]

REPRESENTATIVE GRUENBERG moved to adopt [New] Amendment 11, which read as follows, with some handwritten changes:

Page 2, line 9, after the word "**Sec.2.**"

Insert:

AS 24.60.085 is amended by adding a new subsection to read:

(c) During the term for which elected or appointed, a legislator may not, directly or by authorizing another to act on the legislator's behalf, accept or agree to accept compensation, except from the State of Alaska, for work associated with legislative action or administrative action, as those terms are defined in AS 24.45.171, or political action as defined in AS 24.60.990.

REPRESENTATIVE JOHNSON objected.

[REPRESENTATIVE ROSES] objected.

REPRESENTATIVE GRUENBERG pointed out that [New Amendment 11 is the same as the original Amendment 11, except that] the phrase "and for one year thereafter" has been deleted [by means of the handwritten change].

[The recording begins below at 10:07:54 AM.]

[10:07:54 AM](#)

REPRESENTATIVE BERTA GARDNER, Alaska State Legislature, said the principle of [both the original Amendment 11 and New Amendment 11] is that legislators are paid by the state, and "when we do legislative work, we should do it as a legislator, and not as an employee or under contract for somebody else."

REPRESENTATIVE GARDNER added, "And I think that we have seen the potential for problems doing this." She stated that it creates divided loyalties among legislators to have "two masters." She said this is a problem that can easily be resolved by Amendment 11.

[10:08:48 AM](#)

REPRESENTATIVE GRUENBERG, in response to Chair Lynn, clarified the phrase that he had deleted.

[10:09:00 AM](#)

REPRESENTATIVE COGHILL stated, "... We might be off on that, because it seemed to me like Representative Johnson objected to deleting that language."

[10:09:12 AM](#)

REPRESENTATIVE JOHNSON replied, "I objected to the amendment."

[10:09:21 AM](#)

REPRESENTATIVE COGHILL said the language in the original Amendment 11, "and for one year thereafter", was a sticking point, and he said he agrees with Representative Gruenberg that it should not be part of the amendment.

[10:10:36 AM](#)

REPRESENTATIVE GARDNER said although she can live with [New Amendment 11], she personally thinks the time frame should be for longer, because "legislators could conceivably set something up for their personal benefit once they leave office."

[10:11:00 AM](#)

REPRESENTATIVE ROSES remarked that [New Amendment 11] looks similar to a previous amendment that was withdrawn by the committee, labeled 125-GH1059\K.17, Cook/Wayne, 2/21/07.

CHAIR LYNN said that was Amendment 14.

REPRESENTATIVE ROSES continued: "Which means this would have been brought forward by Joyce Anderson on behalf of the [Select] Committee [on Legislative Ethics], as part of the changes that they recommended, I do believe."

[10:12:04 AM](#)

IRIS MATTHEWS, Staff to Representative Berta Gardner, Alaska State Legislature, explained that the language in Amendment 14 speaks to the definition of administrative action in [AS] 24.45.171. She said, "It excludes representation before quasi-judicial agencies. So, this is really taking care of what that ... definition of administrative action excludes." She added that the administrative action definition is more concerned with the writing or promulgation of regulations.

[10:13:06 AM](#)

REPRESENTATIVE JOHNSON removed his objection [to New Amendment 11].

[10:13:15 AM](#)

CHAIR LYNN announced that [there being no further objection], [New] Amendment 11 was adopted. [Representative Roses' objection was treated as withdrawn.]

[10:13:36 AM](#)

CHAIR LYNN announced that the committee would address Amendment 13.

[10:14:06 AM](#)

DAVID JONES, Senior Assistant Attorney General, Opinions, Appeals, & Ethics, Civil Division (Anchorage), Department of Law, referred to [Amendment 3] to Amendment 13, which was adopted by the committee at its last hearing on HB 109 [on March 1, 2007]. He said the amendment added language back to the bill that Governor Sarah Palin had recommended deleting [from paragraph (2) of Section 22, AS 24.60.200]. Mr. Jones explained that through language adopted in Amendment 13, legislators and legislative directors must disclose "the amount of the income, the number of hours of services performed to earn that income, and a statement describing in detail the nature of the services

performed", for "income in excess of \$1,000 received as compensation for personal services". He highlighted the language that the governor wanted deleted, but which remained in statute as a result of the committee's amendment, and that language read:

[IF THE SOURCE OF INCOME IS KNOWN OR REASONABLY SHOULD BE KNOWN TO HAVE A SUBSTANTIAL INTEREST IN LEGISLATIVE, ADMINISTRATIVE, OR POLITICAL ACTION AND THE RECIPIENT OF THE INCOME IS A LEGISLATOR OR A LEGISLATIVE DIRECTOR, THE AMOUNT OF INCOME RECEIVED FROM THE SOURCE SHALL BE DISCLOSED;]

MR. JONES stated:

What that does is create some ambiguity about when and who has to report the amount of the income, because this provision applies not only to legislators and legislative directors, but also to the public members of the select committee. So, it's not clear, exactly, what the effect is of this amendment, with the amended language that is restored by virtue of the committee's amendment to the governor's proposal.

So, there are at least two possible interpretations of that. One is that public members of the select committee would have to report the amounts of the income received for anything over \$1,000, regardless ... from whom it's received. But legislators and legislative directors have to report the amounts only when they're from sources that have substantial interest in these legislative administrative or political matters.

Another possible interpretation is that legislators and legislative directors have to report the amount of income received from any source if the amount exceeds \$1,000. But, if that source is someone with a substantial interest in those various matters, they only have to report the amount if it's over \$1,000.

So, it creates some confusion by including amounts of income to be reported in both sections. Now, clearly the governor's position in making the proposed amendment was that the amounts of income and the number of hours worked should be reported in all instances in which the income exceeds \$1,000.

But if the committee has made the policy choice that the amount of income should be reported only when the source of the income is someone with a substantial interest in legislative, administrative, or political matters, then there's a way to amend that provision to make that intent clear.

[10:18:15 AM](#)

MR. JONES noted that Representative Gruenberg's staff prepared an amendment to that effect. He stated:

The effect of this amended version of ... Amendment 13 would be to require reporting of the amount of income and the approximate number of hours or services performed, only when the income is received by a legislator or a legislative director from a source that has a substantial interest in a legislative, administrative, or political matter.

MR. JONES said he hopes his explanation was clear regarding "the ambiguity that was created." He said the committee has a decision to make as to whether to use the governor's original language, which would "delete the limitation on when the amount has to be reported," or to choose the upcoming amendment prepared by Representative Gruenberg's staff.

[10:19:16 AM](#)

JOYCE ANDERSON, Administrator, Select Committee on Legislative Ethics, Legislative Agency & Offices, said she concurs with Mr. Jones that it is a policy call of the legislators to decide what to do in this situation - whether to set the amount at \$1,000 for all income or just for income with substantial interest.

[10:20:18 AM](#)

REPRESENTATIVE GRUENBERG moved to rescind the committee's prior action in adopting Amendment 13, [as amended]. There being no objection, it was so ordered.

REPRESENTATIVE GRUENBERG moved to adopt New Amendment 13, which read as follows, [original punctuation provided]:

Sec. 24.60.200. Financial disclosure by legislators, public members of the committee, and legislative directors.

A legislator, a public member of the committee, and a legislative director shall file a disclosure statement, under oath and on penalty of perjury, with the Alaska Public Offices Commission giving the following information about the income received by the discloser, the discloser's spouse or domestic partner, the discloser's dependent children, and the discloser's nondependent children who are living with the discloser:

(1) the information that a public official is required to report under AS 39.50.030, other than income received as compensation for personal services, loans or loan guarantees, and information about gifts;

(2) as to income in excess of \$1,000 received as compensation for personal services, the name and address of the source of the income, and a statement describing in detail the nature of the services performed; if the source of income is known or reasonably should be known to have a substantial interest in legislative, administrative, or political action and the recipient of the income is a legislator or legislative director, the amount of the income and the approximate number of hours of services performed to earn that income, [THE AMOUNT OF INCOME RECEIVED FROM THE SOURCE] shall be disclosed, and a statement explaining how the income was earned may be included;

(3) as to each loan or loan guarantee over \$1,000 from a source with a substantial interest in legislative, administrative, or political action, the name and address of the person making the loan or guarantee, the amount of the loan, the terms and conditions under which the loan or guarantee was given, the amount outstanding at the time of filing, and whether or not a written loan agreement exists.

[10:20:50 AM](#)

REPRESENTATIVE JOHNSON objected.

[10:20:58 AM](#)

REPRESENTATIVE COGHILL said he is looking at "the language that was passed by the voters," and he noted that the committee is substantially changing what the voters "thought they were passing." He said he would like a legal opinion on the issue. He said he would also like to see consistency.

REPRESENTATIVE COGHILL objected to [New Amendment 13]. He said, "If we're going to stay with the financial disclosure, as stated, it should probably then be as stated by the voters." He added:

What I'm going to probably do then is offer an amendment to take ... Section 5 of ... what the voters passed and put it into this bill, so that we have ... consistency. And then, if there [are] other consistencies, then we work with the law as it was outside of the voters' will.

[10:23:09 AM](#)

REPRESENTATIVE ROSES asked Ms. Anderson if there is one related amendment more cumbersome than another or more clear than another, in terms of the concerns of the Select Committee on Legislative Ethics or the Alaska Public Offices Commission (APOC).

[10:23:37 AM](#)

MS. ANDERSON replied that even though [AS] 24.60.200 is in the Ethics Statute, it is actually administered by APOC; therefore, she recommended that the executive director of APOC would be the best person to answer that question. She added:

In relation to Mr. Jones' concern with the ambiguity in what was passed at the last committee meeting, ... this language seems to clear that up, based on what my conversation was with Ms. Miles last night.

MS. ANDERSON, in response to a question from Representative Roses, confirmed that by "this language" she means [New Amendment 13].

[10:25:28 AM](#)

MR. JONES, in response to questions from Representative Gruenberg, confirmed that the purpose of New Amendment 13 is to

clear up potential ambiguity and make the issue simpler to address, which he confirmed it would do.

MS. ANDERSON, in response to Chair Lynn, said she concurs with the statement made by Mr. Jones.

[10:25:34 AM](#)

REPRESENTATIVE ROSES, in response to the previous comment from Representative Coghill regarding the potential change in the wording of the initiative, said a request was made to get the attorney general's opinion on the legislature's ability to make those changes. He concurred with Representative Coghill regarding the need for consistency. He warned that it is dangerous territory for the legislature to try to interpret what the understanding of the voters was when they voted on the initiative.

[10:27:10 AM](#)

REPRESENTATIVE GRUENBERG directed attention to the original Amendment 13, and the previously highlighted language in brackets at the end of that amendment. He said at the last meeting, Representative Coghill moved to adopt Amendment 3, which restored the language in order "to make this exactly the same as the initiative." He said New Amendment [13] "keeps that language in." He stated, "So, the Coghill amendment restoring that language remains in this, and we have not changed that from the initiative."

[10:28:54 AM](#)

REPRESENTATIVE GRUENBERG, in response to a question from Representative Doll, explained the use of "shall" and "may" in Amendment 13 and New Amendment 13.

[10:29:53 AM](#)

CHAIR LYNN asked who made the objection to New Amendment 13.

[10:30:02 AM](#)

REPRESENTATIVE COGHILL removed his objection to New Amendment 13, with the understanding that "if we're going to amend initiatives, this is the beginning."

CHAIR LYNN announced that there being no objection, New Amendment 13 was adopted. [Representative Johnson's objection was treated as withdrawn.]

CHAIR LYNN announced that the committee would once again take up Amendment 9, which was tabled, [as amended, during the House State Affairs Standing Committee's meeting on 2/27/07]. Amendment 9 read as follows:

Page 7, following line 14:

Insert a new bill section to read:

"* **Sec. 8.** AS 24.60.030(f) is amended to read:

(f) A legislative employee may not serve in a position that requires confirmation by the legislature. A legislator or legislative employee who serves [MAY SERVE] on a board of an organization, including a governmental entity, shall disclose [THAT REGULARLY HAS A SUBSTANTIAL INTEREST IN THE LEGISLATIVE ACTIVITIES OF THE LEGISLATOR OR EMPLOYEE IF THE LEGISLATOR OR EMPLOYEE DISCLOSES] the board membership to the committee. A person [A LEGISLATOR OR LEGISLATIVE EMPLOYEE WHO IS] required to make a disclosure under this subsection shall file the disclosure with the committee by the deadline [DEADLINES] set out in AS 24.60.105 stating the name of each organization on whose board the person serves. The committee shall maintain a public record of the disclosure and forward the disclosure to the appropriate house for inclusion in the journal. This subsection does not require a legislator or legislative employee who is appointed to a board by the presiding officer to make a disclosure of the appointment to the committee if the appointment has been published in the appropriate legislative journal during the calendar year."

Renumber the following bill sections accordingly.

Page 22, line 9:

Delete "sec. 29"

Insert "sec. 30"

Page 22, line 10:

Delete "sec. 29"

Insert "sec. 30"

Page 22, line 11:

Delete "sec. 30"
Insert "sec. 31"

Page 22, line 14:
Delete "sec. 30"
Insert "sec. 31"

Page 22, line 15:
Delete "sec. 31"
Insert "sec. 32"

Page 22, line 18:
Delete "sec. 31"
Insert "sec. 32"

Page 22, line 19:
Delete "22, and 26"
Insert "23, and 27"

Page 22, line 20:
Delete "sec. 33"
Insert "sec. 34"

[10:30:32 AM](#)

MS. ANDERSON reviewed that Amendment 9 was recommended by the Select Committee on Legislative Ethics and would require legislators and legislative employees to report all boards and commissions to that committee. She offered her understanding that currently the legislative financial disclosure requires legislators to disclose their boards and commissions, while in the ethics code, "disclosing boards and commissions is subjective." She said Amendment 9 is an attempt at consistency between the financial disclosure and the Select Committee on Legislative Ethics' rules so that legislators are not confused. She explained further that in the legislative financial disclosure, reports are made on March 15 for the previous year, while the ethics code requires the reporting of boards and commissions within 30 days of serving on one.

The committee took an at ease from [10:35:04 AM](#) to [10:35:33 AM](#).

[10:35:39 AM](#)

REPRESENTATIVE GRUENBERG reviewed that the amendment to Amendment 9, previously adopted by the committee [on 2/27/07],

put back the bracketed language on lines 7-9 [as numbered on Amendment 9].

[10:36:23 AM](#)

CHAIR LYNN asked why deleting that language in the first place was a problem.

[10:36:38 AM](#)

REPRESENTATIVE GRUENBERG explained that without that language, it would become burdensome, unnecessary, and irrelevant to be required to disclose every church board, garden club, or chess club on which a legislator serves when those entities do not have anything to do with the legislature.

[10:37:22 AM](#)

CHAIR LYNN indicated that having to report everything simplifies the process and makes it unnecessary to consult with Ms. Anderson over every issue.

[10:37:30 AM](#)

MS. ANDERSON reiterated that "basically we were just trying to make this requirement in synch with APOC." She indicated that [adopting the amendment to Amendment 9 to reinstate that language] was a policy call.

[10:38:42 AM](#)

REPRESENTATIVE JOHNSON stated that anyone could name a recipient in his/her individual capital appropriations, and giving anyone money is a substantial interest in legislative action.

[10:39:17 AM](#)

CHAIR LYNN concurred that what may not look like substantial interest at the time, may be considered so on down the line. Chair Lynn asked Representative Johnson if he would like to "make a fix on this."

[10:39:56 AM](#)

REPRESENTATIVE COGHILL clarified that what the committee needed to do was move to rescind its action in adopting [Amendment 1] to Amendment 9.

10:40:30 AM

[During the ensuing discussion, the committee clarified its intent to no longer deal with Amendment 9 [as amended], so that it could bring a "New Amendment 9" before it.]

10:41:33 AM

REPRESENTATIVE GRUENBERG suggested taking New Amendment 9 and "make Representative Johnson's amendment to that."

10:42:56 AM

REPRESENTATIVE JOHNSON moved to rescind the committee's action in adopting Amendment 9. There being no objection, it was so ordered.

REPRESENTATIVE GRUENBERG moved to adopt New Amendment 9, labeled 25-GH1059\K.54, Wayne, 3/2/07, which read as follows:

Page 7, following line 14:

Insert a new bill section to read:

"* **Sec. 8.** AS 24.60.030(f) is amended to read:

(f) A legislative employee may not serve in a position that requires confirmation by the legislature. A legislator or legislative employee who serves [MAY SERVE] on a board of an organization, including a governmental entity, that regularly has a substantial interest in the legislative activities of the legislator or employee shall disclose [IF THE LEGISLATOR OR EMPLOYEE DISCLOSES] the board membership to the committee. A person [A LEGISLATOR OR LEGISLATIVE EMPLOYEE WHO IS] required to make a disclosure under this subsection shall file the disclosure with the committee by the deadline [DEADLINES] set out in AS 24.60.105 stating the name of each organization on whose board the person serves. The committee shall maintain a public record of the disclosure and forward the disclosure to the appropriate house for inclusion in the journal. This subsection does not require a legislator or legislative employee who is appointed to a board by the presiding officer to make a disclosure of the appointment to the committee if the appointment has been published in the appropriate legislative journal during the calendar year."

Renumber the following bill sections accordingly.

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Page 22, line 20:
Delete "sec. 33"
Insert "sec. 34"

[10:43:12 AM](#)

REPRESENTATIVE JOHNSON objected for discussion purposes. He recommended a conceptual amendment to New Amendment 9, "to include all boards and commissions."

[10:43:35 AM](#)

REPRESENTATIVE GRUENBERG suggested that what Representative Johnson wants to do is to delete the phrase on [page 1], lines 6-8 [as numbered on New Amendment 9], which read as follows:

that regularly has a substantial interest in the legislative activities of the legislator or employee

REPRESENTATIVE GRUENBERG, in response to Chair Lynn, [moved] to adopt Amendment 1 to New Amendment 9 [to delete the aforementioned text]. There being no objection, Amendment 1 to New Amendment 9 was adopted.

[10:44:06 AM](#)

REPRESENTATIVE JOHNSON removed his objection to New Amendment 9 [as amended]. There being no further objection, New Amendment 9, [as amended], was adopted.

[10:44:59 AM](#)

REPRESENTATIVE GRUENBERG referred to Amendment 10, [which was adopted by the committee on 2/27/07], labeled 25-GH1059\K.40, Wayne, 2/23/07, which read as follows [with some handwritten changes]:

Page 13, following line 9:

Insert a new bill section to read:

"* **Sec. 17.** AS 24.60.130 is amended by adding a new subsection to read:

(p) Notwithstanding (h) and (n) of this section, if a complaint before the committee alleges a violation of this chapter by a group of legislators that includes a legislative member of the committee and that member's alternate, the member and alternate member are disqualified from serving on the committee with regard to the complaint. If the two disqualified members of the committee are part of the majority caucus, the presiding officer of the house in which the two disqualified members serve shall appoint from that house an alternate to serve with regard to the complaint. If one of the two disqualified legislative members of the committee is not part of the majority caucus, the leader of the minority caucus with the greatest number of members shall appoint from that house an alternate to serve with regard to the complaint. If a complaint alleges a violation of this chapter that includes all legislative members of the majority caucus of one house, the presiding officer of that house shall appoint from the other house an alternate to serve with regard to the complaint. If the complaint alleges a violation of this chapter that

includes all legislative members of a minority caucus of one house, the leader of that minority caucus shall appoint from the other house an alternate to serve with regard to the complaint. In this paragraph, "caucus" has the meaning given in AS 24.60.130(o)."

Renumber the following bill sections accordingly.

Page 22, line 9:
Delete "sec. 29"
Insert "sec. 30"

Page 22, line 10:
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Insert "sec. 30"

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Insert "sec. 34"

REPRESENTATIVE GRUENBERG pointed to line 20 of Amendment 10, [as numbered on the amendment], and he noted that a statutory reference is made [handwritten in the amendment] to AS 24.60.130. He said that statute refers solely to organizational minority caucuses. He noted that lines 8 and 9 of the amendment refer to "the majority caucus". He announced for the record that the House Judiciary Standing Committee would be working on

this language to "craft a proper definition of all caucuses for the purpose of that paragraph."

[10:46:30 AM](#)

REPRESENTATIVE JOHNSON asked if there is any language "in this" that excludes boards and commissions appointed by the legislature. He revealed that he was recently appointed to [the Parks Offenses Bail Forfeiture Schedule Advisory Committee]. He said he thinks that type of appointment is open and transparent to the public.

[10:47:13 AM](#)

MS. ANDERSON answered as follows:

No, you do not. If you are appointed by either the House or the Senate, or by the presiding officers, you do not need to report that to the [Select Committee on Legislative Ethics] as being on a board or commission. You are prohibited as a legislator from being on any board or commission that must be confirmed by the legislature. So, in other words, you cannot be on any board or commission that maybe the governor would want to put an appointment on, unless the appointment was printed in statute, stating that you shall be part of that board or commission.

[10:49:28 AM](#)

REPRESENTATIVE PAUL SEATON, Alaska State Legislature, at the request of Chair Lynn, reviewed that there is an Amendment 20 in the committee packet [not offered], which is an earlier draft of a version of Amendment 22 [not offered] labeled, 25-GH1059\K.43, Cook/Wayne, 2/26/07. However, he noted that there is a revised version of Amendment 22, labeled, 25-GH1059\K.50, Cook/Wayne, 3/2/07, also in the committee packet.

[10:51:22 AM](#)

CHAIR LYNN moved to adopt [Revised] Amendment 22, Version 25-GH1059\K.50, Cook/Wayne, 3/2/07, which read as follows:

Page 1, line 4, following "**government**;" :

Insert "**relating to blind trusts approved by the Alaska Public Offices Commission**;"

Page 19, following line 9:

Insert a new bill section to read:

"* **Sec. 26.** AS 39.50.040 is amended to read:

Sec. 39.50.040. Blind trusts. (a) A public official may transfer all or a portion of the official's assets to a blind trust for the duration of service in public office. The original assets placed in the blind trust shall be listed by the official in a [THE] statement [REQUIRED TO BE] filed under this section, together with a description of the actual or potential conflicts of interest, or appearance of conflict, that the official seeks to avoid by the use of the trust. A copy of the [CHAPTER. THE] instrument creating the blind trust must be included with the statement.

(b) For a blind trust to qualify under this section, the following conditions must be met:

(1) the trust may not contain investments or assets in which the ownership right or interest is required to be recorded in a public office other than with the Alaska Public Offices Commission, or contain assets with permanency that makes transfer by the trustee improbable or impractical, including businesses, real estate, security interests in personal property, and mortgages [ASSETS TRANSFERRED TO THE TRUST SHALL BE MARKETABLE];

(2) the trustee shall be a bank or other institutional fiduciary;

(3) the trustee shall have full authority to manage the trust, including the purchase, sale, and exchange of its assets in accordance with fiduciary principles;

(4) the trust instrument shall contain a clear statement that its purpose is to remove from the trustor control and knowledge of investment of trust assets so that conflicts between the trustor's responsibilities and duties as a public official and the trustor's personal or financial interests will be eliminated [INFORMATION REGARDING THE IDENTITY AND THE NATURE OF ITS ASSETS SHALL BE CONFIDENTIAL FROM THE TRUSTOR FOR THE DURATION OF THE TRUST];

(5) the trustee shall be directed not to disclose to the trustor any information about the identity and nature of any of the assets in the trust, and the trustee shall be required to report any known breach of this confidentiality or the termination of the trust to the commission [OFFICE WHERE THE TRUSTOR

IS REQUIRED TO FILE STATEMENTS UNDER THIS CHAPTER];
[AND]

(6) the trust shall be irrevocable and shall be terminated only upon the death of the trustor, upon termination of the trustor's status as a public official, or upon order of the commission;

(7) the trustee shall be required to

(A) prepare and file the trustor's personal income tax returns, withholding from distribution of the trust's net income amounts sufficient to pay the trustor's tax; and to participate in the audit of the trustor's returns during the period of the trust, with authority to compromise the trustor's tax liability;
or

(B) submit to the trustor, for income tax purposes, a certification of income paid without identifying the assets producing the income;

(8) the trustee shall be directed to avoid knowingly making any investment in a corporation, business, or venture over which the trustor is likely to take action by virtue of the trustor's official position;

(9) the trustor may not retain control over the trustee, and the trustor is not permitted to make any recommendations or suggestions as to the trust property;

(10) the trust instrument agreement must provide that the trustee will give the attorney general or personnel board access to any records or information related to the trust that is necessary when investigating or hearing an accusation alleging a violation of AS 39.52;

(11) the trustee shall report to the commission the beginning and ending value of the trust and, if the commission requests, the trustee shall prepare under seal a detailed description of transactions and holdings of the trust; the document prepared by the trustee under seal is not public information unless an accusation under AS 39.52 relevant to the blind trust is filed by the attorney general or the personnel board, and

(12) the trust may not become effective until the trust instrument is submitted and approved by the commission [REPEALED]."

Renumber the following bill sections accordingly.

Page 22, line 9:
Delete "sec. 29"
Insert "sec. 30"

Page 22, line 10:
Delete "sec. 29"
Insert "sec. 30"

Page 22, line 11:
Delete "sec. 30"
Insert "sec. 31"

Page 22, line 14:
Delete "sec. 30"
Insert "sec. 31"

Page 22, line 15:
Delete "sec. 31"
Insert "sec. 32"

Page 22, line 18:
Delete "sec. 31"
Insert "sec. 32"

Page 22, line 19:
Delete "and 26"
Insert "26, and 27"

Page 22, line 20:
Delete "sec. 33"
Insert "sec. 34"

[10:51:40 AM](#)

REPRESENTATIVE JOHNSON objected for discussion purposes.

[10:52:45 AM](#)

REPRESENTATIVE SEATON, in response to a request from Representative Gruenberg, reviewed the changes made in Revised Amendment 22. He said the language was borrowed from another state's statute to more fully address the issue of blind trust. He said the language addresses ambiguities and puts limitations on a trustee. He said the amendment addresses "what would unintentionally break that blind trust." He indicated that the amendment addresses all the concerns previously expressed by Tamara Cook, [the director of Legislative Legal and Research

Services], and it also meshes with the Alaska Executive Branch Ethics Act.

[10:56:51 AM](#)

REPRESENTATIVE JOHNSON concurred with the need for policy regarding blind trusts, but said he thinks that [the issue of blind trusts] would best be addressed in the House Judiciary Standing Committee.

[10:58:19 AM](#)

REPRESENTATIVE ROSES pointed out that every item discussed in HB 109 has legal implications and he thinks the House State Affairs Standing Committee should continue to deliberate the issue. He stated that he likes the way other amendments were incorporated into Revised Amendment 22.

[10:59:41 AM](#)

REPRESENTATIVE JOHNSON said he does not disagree with Representative Roses. However, he said, "Where the heavy lifting and the debate on this is going to happen is in [the House Judiciary Standing Committee], but I'm not certain that our time is best spent on this as a committee."

[11:00:12 AM](#)

REPRESENTATIVE COGHILL said he thinks Revised Amendment 22 is well written and he supports [adopting its language in to the bill]. Conversely, he indicated that he would also have no problem [in the House State Affairs Standing Committee's not adopting it] and sending it on for further scrutiny in the House Judiciary Standing Committee.

[11:01:13 AM](#)

CHAIR LYNN stated his preference to adopt Revised Amendment 22.

[11:02:01 AM](#)

REPRESENTATIVE JOHNSON withdrew his objection.

[11:02:14 AM](#)

CHAIR LYNN announced that Revised Amendment 22 was adopted.

REPRESENTATIVE GRUENBERG said, "I think this indicates the intent of the committee that we want this kind of provision in the bill."

[11:02:52 AM](#)

CHAIR LYNN directed attention to Amendment 23.

REPRESENTATIVE GRUENBERG moved to adopt Amendment 23, which read as follows [original punctuation provided]:

Page 19, following line 27:

Insert a new bill section to read:

"***Sec.27.** AS 39.50.200(b) is amended by adding new paragraphs to read:

(59) Alaska Industrial Development and Export Authority (AS 44.88);

(60) the board of directors of the Knik Arm Bridge and Toll Authority (AS 19.75.031 and 19.75.041);

(61) Alaska labor relations agency (AS 23.05.360 - 23.05.390);

(62) the Board of Trustees of the Alaska Mental Health Trust Authority (AS 47.30.016);

(63) the board of directors of the Alaska Railroad Corporation (AS 42.40.020 - 42.40.060)."

Renumber the following bill sections accordingly.

REPRESENTATIVE ROSES objected.

MR. JONES said Amendment 23 is designed to correct [omissions] in the list of boards and commissions required by statute to file financial disclosures with APOC. It would add names to the current list, which includes the Alaska Permanent Fund Corporation, the Alaska Housing Finance Corporation, among other boards and commissions. He said the governor provided the list of heretofore omitted boards and commissions. He said he does not think it would be controversial to suggest that the names on the list should be included. He said the public would benefit from knowing a bit more about the financial situations and associations of the members of the boards and commissions listed in Amendment 23.

[11:05:28 AM](#)

REPRESENTATIVE ROSES withdrew his objection.

CHAIR LYNN announced that Amendment 23 was adopted.

[11:05:39 AM](#)

REPRESENTATIVE DOLL moved to adopt Amendment 24, which read as follows [original punctuation provided]:

Page 19, following line 27:

Insert a new bill section to read:

"*Sec. 27. AS 39.52.110 is amended by adding a new subsection to read:

(d) Stock or other ownership interest in a business is presumed to be insignificant if the value of the stock or other ownership interest is less than \$5,000."

Page 19, line 28, through page 20, line 26:

Delete all material.

REPRESENTATIVE JOHNSON objected.

[11:06:08 AM](#)

MR. JONES relayed that Amendment 24 would replace a provision in [Version K] with a provision that the governor suggested in the original version of HB 109. He said Section 27 of Version K lists various interests in a business, including "service as an officer, director, or employee, having \$5,000 or more in stock or equity interest, or having a 1 percent interest or more in a business" as being a significant financial interest. He said Amendment 24 would replace that language with its text [previously provided]. Mr. Jones continued:

The reason we adopted the approach of a presumption is to allow us to reach those cases where the interest itself is worth less than \$5,000, but the effect of the official's action could be to increase that value substantially. If we take a black line test and say, "As long as it's under \$5,000 you're good to go," the risk is that somebody has something worth \$4,999, takes official action on it, increases the value of that interest to a million [dollars], and then says, "You can't touch me; it's under \$5,000; I'm good; I'm golden."

We don't want to allow that; that's why we apply a presumption. The presumption means: if it's over \$5,000, you can't do it; if it's under \$5,000, you better ... get permission from your designated ethics supervisor, because you aren't home free just because it doesn't meet that \$5,000 threshold.

Now, yesterday on the Senate floor, ... they added this language into SB 19 to supplement the list of other significant financial interests that exist in that bill. So, they had a list that's parallel to what exists now in Section 27 of ... [Version K] and then added the presumptions.

MR. JONES said although [the Senate's action] was a step in the right direction, it doesn't "get us all the way home," because it still leaves the possibility of the aforementioned example whereby someone can increase the value of their interest to above the \$5,000.

MR. JONES related that another concern is the issue of enforcement, with respect to a 1 percent standard. He stated:

It can be difficult to calculate, in some circumstances, what a 1 percent interest is, particularly where the business has stock options that it's offered or different levels or classes of stock.

In addition, ... what really matters ... is how much money is at stake, not what percentage of it is at stake. Because 1 percent of \$1,000 business is going to be \$10, and I think we'd all agree that in the big picture, that is not a significant financial interest. So, why not go to what really matters ...? And that's why we didn't include a 1 percent or some other percentage standard in our proposal.

[11:10:14 AM](#)

MR. JONES continued:

The other thing that Section 27 includes that we did not include is this list of various participations in a business that would disqualify you: being an officer, being a director, being an employee, or a contractor. And that's because our goal was to solve

the problem that was identified when Mr. Bundy and Mr. Daniel looked at the issue involving the former attorney general [Greg Rehnquist]. They said, "There isn't a clear standard here of when financial interest in a business is significant." We haven't had trouble figuring out that when you're a director for an officer or an employee, or contractor of a business, you have a substantial interest in that business. So, that isn't a problem that we felt needed to be resolved or that we decided to attack.

11:11:13 AM

REPRESENTATIVE COGHILL stated that at first he was inclined to disagree, but he said, "The governor has convinced me."

11:11:25 AM

REPRESENTATIVE GRUENBERG said the State Affairs ethics subcommittee [herein referred to as "the subcommittee"] considered this issue at length and was concerned about "just making it a presumption." He offered the opposite side of the coin, stating, "If it's simply presumed to be insignificant, that is not a bright line, ... is difficult to apply, [and] may be subject to subjective interpretations both by the employee and by the supervisor." He said the Senate's action was "to add the presumption to the list," which he said has merit. He continued:

What it does is it says that there is a presumption, but that if these factors can show that it really is a significant list, then the employee should be prohibited from participating in the decision.

REPRESENTATIVE GRUENBERG said he does not have a problem with "adding the new Section 27," but he does have a problem "deleting everything else." He recommended dividing the question, first taking up "adding Section 27," followed separately by the determination on whether or not to delete "everything else."

11:13:55 AM

REPRESENTATIVE COGHILL said he will not object to dividing the question, but he will debate leaving in "the laundry list of issues."

[11:14:12 AM](#)

MR. JONES said he has no problem with dividing the issue, but would like the opportunity to address "the second part of the divided question" when that time arrives.

[11:14:24 AM](#)

REPRESENTATIVE GRUENBERG moved to divide Amendment 24, so that Amendment 24 A would include the language on lines [6]-10 and Amendment 24 B would include the language on lines 12-13, as numbered on Amendment 24. [The motion was treated as adopted.]

[11:14:50 AM](#)

CHAIR LYNN moved [to adopt] Amendment 24 A, which read as follows:

Page 19, following line 27:

Insert a new bill section to read:

"***Sec. 27.** AS 39.52.110 is amended by adding a new subsection to read:

(d) Stock or other ownership interest in a business is presumed to be insignificant if the value of the stock or other ownership interest is less than \$5,000."

There being no objection, Amendment 24 A was adopted.

REPRESENTATIVE GRUENBERG [moved to adopt Amendment 24 B], which read as follows:

Page 19, line 28, through page 20, line 26:

Delete all material.

REPRESENTATIVE COGHILL objected. He continued:

I've been convinced by the governor that the list that is proposed to be deleted should be deleted. And I think the reason why is almost all of the issues dealing with this laundry list of personal interest, ownership of stock, membership to the board, are almost all significant issues, and would not fly under the issue of insignificant.

[11:15:52 AM](#)

MR. JONES offered his understanding as follows:

I believe the motion is to adopt [Amendment] 24 B, which means we would delete the current language in Section 27.

[11:16:13 AM](#)

REPRESENTATIVE GRUENBERG withdrew his motion to adopt Amendment 24 B, stating that he had made an error in moving to adopt the amendment, because he does not want to delete the material [in Section 27].

REPRESENTATIVE COGHILL moved to adopt Amendment 24 B.

The committee took an at-ease from [11:17:17 AM](#) to [11:18:13 AM](#).

[11:18:35 AM](#)

REPRESENTATIVE GRUENBERG explained why he would object to adopting Amendment 24 B, as follows:

What we've got is simply a general statement that if your ownership is less than \$5,000, it's presumed to be insignificant. However, there's nothing in the law that would help the supervisor or the employee or anybody else determine ... whether it could be significant, even if it's less than \$5,000. And these factors that are here will guide anybody who's looking at the situation.

... Two years ago, when we dealt with the potential conflict of interest by the attorney general, it was a really difficult and time consuming and expensive proposition, because there was nothing to guide anybody in determining what insignificant meant.

REPRESENTATIVE GRUENBERG concluded that it could be helpful to have the language, presently in Section 27, in statute, and it certainly would do no harm.

A roll call vote was taken. Representatives Coghill, Johansen, Johnson, Roses, and Lynn voted in favor of Amendment 24 B. Representatives Gruenberg and Doll voted against it. Therefore, Amendment 24 B was adopted by a vote of 5-2.

[11:22:58 AM](#)

REPRESENTATIVE COGHILL moved to adopt Amendment 27, which read as follows [original punctuation provided]:

Page 21, line 27, following "Commission.":

Insert

"In this subsection, 'policy-making position' has the same meaning as 'policy-making position' in AS 39.50.200(a)(1)."

REPRESENTATIVE ROSES objected for discussion purposes.

[11:23:16 AM](#)

MR. JONES directed attention to Section 30, on page 21 [of Version K], in which there is a provision that extends the one-year lobbying ban that exists under current law to apply to two other classes of positions: deputy heads of departments and people who hold policy-making positions in the Office of the Governor. He said Amendment 27 would clarify the definition of policy-making position by tying it to the definition used in the APOC disclosure statute. He stated, "The effect would be that whoever holds a policy-making position in the Office of the Governor that requires that person to file a financial disclosure annually with the commission, will also be subject to this one-year lobbying ban after leaving service in that position."

[11:24:22 AM](#)

REPRESENTATIVE GRUENBERG cited AS 39.50.200(a)(1), which read as follows:

(1) "assistant to the governor or the lieutenant governor" includes any executive, legislative, special, administrative, or press assistant to the governor or lieutenant governor, and any person similarly employed in a policy-making position;

[11:25:17 AM](#)

REPRESENTATIVE GRUENBERG said he would offer [Amendment 1] to Amendment 27, to replace the phrase "policy making position" in both places it appears with "assistant to the governor or the lieutenant governor".

[11:26:17 AM](#)

MR. JONES offered his understanding that [Amendment 1 to Amendment 27] would define administrative assistant rather than policy-making position.

[11:26:24 AM](#)

REPRESENTATIVE GRUENBERG said he thought it was the intent of Amendment 27 to adopt the entire definition in [AS] 39.50.200(a)(1).

[11:26:45 AM](#)

MR. JONES explained that the intent of Amendment 27 is to clarify that those who are required, by virtue of the definition in Title 39, Chapter 50, to file financial disclosures would also be subject to the one-year lobbying ban after leaving service in those positions. He said there were concerns regarding whether the phrase "policy-making position" was sufficiently clear; therefore, Amendment 27 would tie the definition directly by referencing it to the definition in the APOC disclosure statute.

REPRESENTATIVE GRUENBERG asked if it was the intent of Amendment 27 to include "any executive, legislative, special, administrative, or press assistant to the governor or lieutenant governor".

MR. JONES responded that the intent was to include all those who serve in policy-making positions as determined by the APOC.

[11:27:55 AM](#)

REPRESENTATIVE GRUENBERG stated:

Would you answer my question: Does it include those people? Because otherwise the only thing that's ... left is "any person similarly employed in a policy-making position", and that is no help at all, because you're defining policy-making position as any person similarly employed in a policy-making position. It doesn't make any sense unless you do the whole thing.

MR. JONES responded:

... I agree, it's circular. Our feeling was if that was sufficiently definite to include in the APOC

disclosure statutes, it would be helpful to include that in this provision concerning post-state employment lobbying to make it clear ... that if you had to file a financial disclosure, you're also subject to the lobbying restriction.

REPRESENTATIVE GRUENBERG asked again, "The people at the beginning of that definition, do they have to file those reports?" He asked, "Do you intend to include them in policy-making positions?"

MR. JONES replied, "Yes, they do have to file those reports; that's why they're listed in the definition."

REPRESENTATIVE GRUENBERG moved Amendment 1 to Amendment 27 [wording provided at beginning of discussion].

[11:29:18 AM](#)

REPRESENTATIVE COGHILL objected. He said he thinks those who, for example, work in the Office of the Governor or the Office of the Lieutenant Governor, hold a policy-making position, have influence over the press, and have to report to APOC, should fall under the definition [in AS 39.50.200(a)(1)].

[11:29:52 AM](#)

REPRESENTATIVE GRUENBERG asked Representative Coghill to withdraw his objection, because he said that's exactly his intent in moving Amendment 1 to Amendment 27. In response to a request for clarification from Representative Coghill, he explained that since it is the intent to "include everybody in [AS 39.50.200](a)(1), just use the exact phrase that they use in ... [that statute] so that it's absolutely crystal clear."

REPRESENTATIVE COGHILL indicated that if that is what Amendment 1 to Amendment 27 would actually do, [he would support it]; however, he stated his understanding that "that is not the testimony of the ... drafter of the amendment."

[11:30:50 AM](#)

REPRESENTATIVE ROSES offered his understanding as follows:

The intent is that anyone that is currently required to file a financial disclosure is who you're including ... as part of your concern here.

[11:31:08 AM](#)

MR. JONES responded, "With respect to those in the governor's office, that's correct."

[11:31:18 AM](#)

REPRESENTATIVE ROSES directed attention to the language on page 21, [beginning on line 20, of Version K], which read:

or employee of the Office of the Governor in a policy-making position

REPRESENTATIVE ROSES suggested that adding "who is required to file a financial disclosure" directly after that language would accomplish the objective without the circular loop of "defining a policy maker as a policy maker."

[11:31:39 AM](#)

MR. JONES stated:

That would accomplish the same result. I'm not sure whether it's removing the circularity of it, because of course then you have to determine who's required to file. But ... that's another way of skinning the same cat.

REPRESENTATIVE ROSES asked if current APOC requirements list who must file.

MR. JONES confirmed that "APOC definitions do describe who has to file," although he said there is some room for interpretation regarding positions held.

[11:32:23 AM](#)

REPRESENTATIVE ROSES objected to Amendment 1 to Amendment 27.

[11:32:48 AM](#)

REPRESENTATIVE GRUENBERG withdrew his motion to adopt Amendment 1 to Amendment 27, and he suggested that Representative Roses offer the amendment that he had just discussed.

[11:33:04 AM](#)

REPRESENTATIVE COGHILL withdrew his motion to adopt Amendment 27.

The committee took an at-ease from 11:33:49 AM to 11:34:41 AM.

[11:34:47 AM](#)

REPRESENTATIVE ROSES moved to adopt Amendment 35, as follows:

On page 21, lines 21:

Between "policy-making position" and "may not engage"

Insert "who is required to file a financial disclosure with APOC"

There being no objection, Amendment 35 was adopted.

[11:36:01 AM](#)

REPRESENTATIVE GRUENBERG moved to adopt Amendment 30, labeled 25-GH1059\K.28-A, Wayne, 2/21/07, which read as follows [original punctuation provided, with some handwritten changes]:

Page 22, following line 6:

Insert a new bill section to read:

"* **Sec. 32.** AS 39.52 is amended by adding a new section to read:

Sec. 39.52.225. Disclosures in connection with executive clemency. Before granting executive clemency to an applicant for executive clemency, the governor shall disclose in writing to the attorney general whether granting the clemency would benefit a personal or financial interest of the governor. The attorney general shall publish a written determination whether granting executive clemency to the applicant would violate AS 39.52.110 - 39.52.190. The written determination of the attorney general is not confidential, but information set out in that determination identifying a person other than the applicant for clemency who is a victim or witness in a criminal matter may not be made public."

Re-number the following bill sections accordingly.

Page 22, line 20:

Delete "33"
Insert "34"

[11:36:15 AM](#)

REPRESENTATIVE COGHILL objected.

[11:36:21 AM](#)

REPRESENTATIVE GRUENBERG offered his understanding that the idea for Amendment 30 was Chair Lynn's. Regarding the "person other than the applicant for clemency", he said there is existing Alaska law that requires that information to be confidential.

MR. JONES said the governor has not made any proposals regarding the provision of Amendment 30, and he stated that he sees no significant harm in requiring the governor to make such a disclosure. He stated his belief that the governor has "come out in favor of [Amendment 30]."

CHAIR LYNN said Amendment 30 would not tie the governor's hands in regard to the ability to grant clemency.

MR. JONES offered his understanding that that is correct; Amendment 30 would merely require disclosure.

[11:38:19 AM](#)

REPRESENTATIVE COGHILL removed his objection. There being no further objection, Amendment 30 was adopted.

[11:38:42 AM](#)

REPRESENTATIVE COGHILL moved to adopt Amendment 33, labeled 25-GH1059\K.30, Wayne, 2/22/07, which read as follows:

Page 22, following line 6:

Insert a new bill section to read:

"* **Sec. 32.** AS 39.52.960(14) is amended to read:

(14) "official action" means performance of any duties in the course and scope of a public officer's employment, including review, advice, participation, assistance, or other kind of involvement regarding a matter, such as a recommendation, decision, approval, disapproval, vote, or other similar action, including inaction, by a public officer;"

Renumber the following bill sections accordingly.

Page 22, line 20:

Delete "sec. 33"

Insert "sec. 34"

[11:40:03 AM](#)

REPRESENTATIVE COGHILL, in response to a question from Representative Gruenberg, said he was having difficulty remembering the genesis of Amendment 33, but he recalled it was an amendment deferred from the subcommittee. He said he thinks he objected to it at the time of the subcommittee's meeting and, thus, would most likely be withdrawing his motion.

[11:40:58 AM](#)

REPRESENTATIVE ROSES stated his concern had been and remains that if the bill does not allow someone to review past action, mistakes will be repeated. He said that is the only part of Amendment 33 with which he has a problem; the rest is fine.

REPRESENTATIVE COGHILL withdrew his motion to adopt Amendment 33.

[11:42:51 AM](#)

REPRESENTATIVE GRUENBERG moved to adopt Amendment 34, which read as follows [original punctuation provided]:

AS 39.50.200(a)(1) is amended to read:

Insert after professional corporation, **limited liability company,**

REPRESENTATIVE COGHILL objected.

REPRESENTATIVE GRUENBERG relayed that Amendment 34 would add the bold, underlined phrase to the Public Official Financial Disclosure Act. He said [AS 39.50.200(a)(10)] currently read as follows:

(10) "source of income" means the entity for which service is performed or that is otherwise the origin of payment; if the person whose income is being reported is employed by another, the employer is the source of income; but if the person is self-employed

by means of a sole proprietorship, partnership, professional corporation, or a corporation in which the person, the person's spouse or domestic partner, or the person's dependent children, or a combination of them, hold a controlling interest, the "source" is the client or customer of the proprietorship, partnership, or corporation, but, if the entity that is the origin of payment is not the same as the client or customer for whom the service is performed, both are considered the source.

REPRESENTATIVE GRUENBERG removed his motion to adopt Amendment 34. He explained that he is not certain the amendment is "complete enough" and he wants the House Judiciary Standing Committee to address it.

[11:45:47 AM](#)

REPRESENTATIVE GRUENBERG moved to rescind the committee's action in adopting Amendment 2 in order to be able to further amend it. [Amendment 2 was once again before the committee.]

REPRESENTATIVE GRUENBERG reviewed that Amendment 2 addresses electronic filing.

REPRESENTATIVE GRUENBERG [moved to adopt] Amendment 3 to Amendment 2, labeled 25-GH1059\K.49, Wayne, 2/28/07, which read as follows:

Page 2, lines 4 - 15:

Delete all material and insert:

"* **Sec. 2.** AS 15.13.040(m) is repealed and reenacted to read:

(m) Information required under this chapter shall be submitted to the commission electronically, except that the following information may be submitted in clear and legible black typeface or hand-printed in dark ink on paper in a format approved by the commission or on forms provided by the commission:

(1) information submitted by a candidate for municipal office; in this paragraph, "municipal office" means the office of an elected borough or city

- (A) mayor;
- (B) planning commissioner;
- (C) utility board member; or
- (D) assembly, council, or school board member;

(2) any information if the commission determines that circumstances warrant an exception to the electronic submission requirement;

(3) information submitted before May 1, 2009, by a candidate for the legislature."

Page 22, line 19:

Delete "Sections 2, 22, and 26"

Insert "Sections 22 and 26"

REPRESENTATIVE GRUENBERG said the intent is to support electronic filing.

MR. JONES stated:

The reason that we decided to pursue a fix is that it wasn't clear that the prior amendment, ... as amended, did what the committee intended. The prior amendment ..., as amended, would actually have made electronic filing for all campaign disclosures required immediately, except for the governor and lieutenant governor, and that didn't seem to be consistent with the discussion the committee had about it. ... With this fix, electronic filing would be effective immediately for everybody, excluding, of course, municipal offices, except candidates for the legislature. And for candidates for the legislature, campaign disclosures would need to be filed electronically as of May 1, 2009, which is the 18 months before the November 2010 General Elections.

CHAIR LYNN asked if there was any objection to Amendment 3 to Amendment 2. There being none, it was so ordered.

[11:49:45 AM](#)

REPRESENTATIVE GRUENBERG moved to adopt Amendment 2, as amended. There being no objection, it was so ordered.

[11:49:55 AM](#)

REPRESENTATIVE COGHILL brought up a [New] Amendment 17.

The committee took an at-ease from 11:50:02 AM to 11:51:17 AM.

11:51:26 AM

REPRESENTATIVE COGHILL moved to adopt [New] Amendment 17, labeled 25-GH1059\K.45, Wayne, 2/26/07, which read as follows:

Page 16, following line 8:

Insert a new bill section to read:

"* **Sec. 22.** AS 24.60.210(a) is amended to read:

(a) A person required to file a disclosure statement under AS 24.60.200 shall file an annual report with the Alaska Public Offices Commission, covering the previous calendar year, containing the disclosures required by AS 24.60.200, on or before March 15 of each year, except that a person appointed as a legislator under AS 15.40, a public member of the committee, or a legislative director must file within 30 days after the person's appointment."

Renumber the following bill sections accordingly.

Page 22, line 9:

Delete "sec. 29"

Insert "sec. 30"

Page 22, line 10:

Delete "sec. 29"

Insert "sec. 30"

Page 22, line 11:

Delete "sec. 30"

Insert "sec. 31"

Page 22, line 14:

Delete "sec. 30"

Insert "sec. 31"

Page 22, line 15:

Delete "sec. 31"

Insert "sec. 32"

Page 22, line 18:

Delete "sec. 31"

Insert "sec. 32"

Page 22, line 19:

Delete "Sections 2, 22, and 26"

Insert "Sections 2, 23, and 27"

Page 22, line 20:

Delete "sec. 33"
Insert "sec. 34"

There being no objection, [New] Amendment 17 was adopted.

[11:52:49 AM](#)

CHAIR LYNN said there is a zero fiscal note in the committee packet.

REPRESENTATIVE GRUENBERG asked if anyone could think of any forgotten amendments that may need attention. [No one brought any to the committee's attention.]

[11:53:23 AM](#)

REPRESENTATIVE JOHNSON asked that as HB 109 goes forward, everyone keep focus on the balance between what is right and what is fair.

[11:54:40 AM](#)

REPRESENTATIVE DOLL remarked on her experience addressing HB 109 as a new legislator and expressed appreciation for everyone's work on the bill.

[11:55:21 AM](#)

REPRESENTATIVE GRUENBERG said several issues have been deferred to the House Judiciary Standing Committee. He stated concern over the adoption of Amendment 14 in its present form, and he said his recommendation would be to amend the bill.

[11:56:08 AM](#)

REPRESENTATIVE ROSES reflected that just 45 days ago he was a member of the public. He admitted to being someone who thought the legislature wouldn't get into problems if it would just pay more attention to detail. Having worked with the subcommittee and committee on HB 109, he said he wants the public to know that it is sometimes the attention to detail that gets the legislature into a bind. He said he wants the public to know how hard legislators work.

[11:57:55 AM](#)

CHAIR LYNN said no legislation is perfect, but HB 109 is the first step in a long process. He said the intent of the bill is to restore the public's trust in their legislators. He thanked the committee members and their staff.

[12:00:32 PM](#)

REPRESENTATIVE COGHILL echoed that this is a work in progress. He said the legislators in office were given the public's trust when they were elected, and the question is how to hold the legislature accountable and how to determine the method by which that accountability is measured. He said HB 109 offers guidance, even though there is still room for debate and consideration of what is fair.

[12:01:58 PM](#)

REPRESENTATIVE COGHILL moved to report CSHB 109, Version 25-GH1059\K, Wayne, 2/21/07, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 109(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 [12:02:35 PM](#).