

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

April 4, 2009  
10:03 a.m.

**MEMBERS PRESENT**

Representative Bob Lynn, Chair  
Representative Paul Seaton, Vice Chair  
Representative Craig Johnson  
Representative Peggy Wilson  
Representative Max Gruenberg

**MEMBERS ABSENT**

Representative Carl Gatto  
Representative Pete Petersen

**COMMITTEE CALENDAR**

OVERVIEW BY ALASKA PUBLIC OFFICES COMMISSION (APOC): ELECTRONIC FILING

- HEARD

HOUSE JOINT RESOLUTION NO. 8  
Proposing amendments to the Constitution of the State of Alaska limiting appropriations from certain mineral revenue, relating to the balanced budget account, and relating to an appropriation limit.

- DISCUSSED, BUT NOT SCHEDULED

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

PATTY WARE  
Regulation of Lobbying  
Alaska Public Offices Commission (APOC)  
Department of Administration  
Juneau, Alaska

**POSITION STATEMENT:** Presented an overview regarding APOC's electronic filing system.

ANNETTE KREITZER, Commissioner  
Department of Administration  
Juneau, Alaska

**POSITION STATEMENT:** Testified during the APOC overview.

HOLLY ROBERSON HILL, Director  
Alaska Public Offices Commission (APOC)  
Department of Administration  
Anchorage, Alaska

**POSITION STATEMENT:** Offered information during the overview regarding APOC's electronic filing system.

#### **ACTION NARRATIVE**

[10:03:04 AM](#)

**CHAIR BOB LYNN** called the House State Affairs Standing Committee meeting to order at 10:03 a.m. Representatives Johnson, Seaton, Wilson, and Lynn were present at the call to order. Representative Gruenberg arrived as the meeting was in progress.

OVERVIEW BY ALASKA PUBLIC OFFICES COMMISSION (APOC): ELECTRONIC FILING

[10:03:08 AM](#)

CHAIR LYNN announced that the only order of business was an Overview by the Alaska Public Offices Commission (APOC): Electronic Filing

[10:04:00 AM](#)

The committee took a brief at-ease at 10:04 a.m.

[10:04:48 AM](#)

PATTY WARE, Regulation of Lobbying, Alaska Public Offices Commission (APOC), Department of Administration, thanked the committee for the opportunity to provide a status report, by means of a slide presentation, regarding APOC's electronic filing program known as "Insight." As shown on slide 2, she stated that Insight is an on-line filing and web-based application that will allow anyone required to submit financial disclosure forms to be in compliance with APOC's laws. This includes campaign reports and legislative financial disclosures. Lobbying reports are done by paper, she noted.

[10:06:09 AM](#)

MS. WARE said the Insight method of filing will be available anywhere there is computer access, and it allows financial disclosure to the public to be made more in "real time." Currently, when a legislative financial disclosure is filed via paper, it needs to be scanned in by staff in order to be posted to the Internet.

[10:07:32 AM](#)

MS. WARE, in response to Representative Wilson, offered her belief that currently Representative Wilson files to APOC using a series of Excel spreadsheets that are then sent to APOC electronically. In this system, there would not be any middle step, because information would be entered "into the application that is then stored." She related that a demonstration of the system was forthcoming.

[10:08:43 AM](#)

MS. WARE, in response to Representative Seaton, said ultimately, the Insight electronic filing system will be used for "all disclosure forms that go to APOC." She said, "Right now, and this morning, in terms of the demonstration, the module that's operational and was deployed last year in February of '08 is the lobbying module." Some of the features used in that module, she indicated, will be "carried over."

[10:09:21 AM](#)

MS. WARE, in response to Chair Lynn, confirmed that no deadlines would be changed without changing statute.

[10:09:47 AM](#)

MS. WARE returned to her slide presentation. As shown on slide 3, she listed advantages to electronic filing: it is much faster; all the information that does not change from filing to filing - such as name, address, phone number - is stored for the filer so that he/she does not have to enter that information every single time; the filer can file from anywhere in the world, as long as there is a computer available; and date verification, which is so important to the filer, is immediately available to him/her. Ms. Ware listed some of the remote areas of Alaska from which people are currently filing.

[10:12:45 AM](#)

REPRESENTATIVE GRUENBERG asked if the system accepts an electronic signature.

MS. WARE responded that the system works through the state's "MyAlaska" application, which she said would be part of the upcoming demonstration.

[10:13:10 AM](#)

MS. WARE related that another advantage of the system is that it allows APOC staff to create reports for public viewing much more quickly, because staff no longer has to enter data into a separate data base before posting that data to the APOC web site.

MS. WARE, turning to slide 4, noted that when "the lobbyist and employer module" was activated in February 2008, there were initial glitches that were subsequently worked out. She reported that all the lobbyists' registrations for 2009 have been submitted electronically. She related that there are five administrative reports available to APOC with respect to lobbying, and, at this time, not all of them are available to the public, because APOC is still working through "some data glitches and anomalies." However, she told the committee that what APOC has learned from those lessons will make version two of Insight much better able to accommodate "the other financial disclosure laws."

[10:14:41 AM](#)

CHAIR LYNN asked if the next version will be an update of the current version or "include another class of people who must report."

MS. WARE answered that version two, which will be activated in June, "will still just have the lobbying module," but it will have a set of features that the current version does not have. For example, the updated version will streamline the process by which a filer can move around to various pages. Version two will also allow APOC more administrative capabilities to make changes when needed.

[10:16:21 AM](#)

REPRESENTATIVE GRUENBERG asked if legislators will have the option to file by "pen and ink" for the next election cycle.

MS. WARE responded that currently APOC anticipates that the campaign disclosure module for electronic filing will be ready some time in 2010. In response to a follow-up question, she emphasized that the earliest the campaign module will be ready would be some time in the late spring or summer in 2010.

[10:17:26 AM](#)

CHAIR LYNN offered his understanding that anybody who chooses to do so can file for reelection on May 2, [2009]. He said, "And so, if I get something on May 2, I just keep track of it, and then when we do the report, bring that into it."

MS. WARE answered that's correct. She said that would still be done via paper.

[10:17:57 AM](#)

REPRESENTATIVE GRUENBERG asked if those running for election could file before May 2.

MS. WARE replied that she does not know the answer to that off the top of her head.

[10:18:08 AM](#)

MS. WARE, in response to Representative Wilson, offered her belief that there is a reference in statute that provides for certain exceptions to having to file electronically.

[10:19:02 AM](#)

MS. WARE returned again to her slide presentation. She spoke to the initial challenges APOC experienced with Insight, which are listed on slide 5. She said there were some database problems which resulted in missed deadlines and increased costs. One example, she said, involved the 2008 year-end reports, which were due in 2009. There was a problem in the database that did not allow filers to submit their reports, which led to "a frustration and concern in the filers." She reiterated that the problems have been worked out so that they are not repeated. Reporting capabilities are not fully operational, but significant headway is being made in that regard. For example, APOC currently has the lobbyist directory on its web site, as

well as the 2008 disclosure data for lobbyists. At present, APOC does not have "real-time disclosure" available to the public; however, that is something it looks forward to being able to offer.

[10:20:27 AM](#)

REPRESENTATIVE JOHNSON related his understanding that mandatory electronic reporting is only for lobbyists at this point in time.

MS. WARE answered that's correct.

REPRESENTATIVE JOHNSON then said he thinks that legislators, although strongly encouraged to do so, will not be required to report electronically unless such a mandate is set up in statute.

[10:21:21 AM](#)

REPRESENTATIVE LYNN said he thinks that is true.

MS. WARE indicated that the topic of an exception is covered under statute which provides for an exception "when certain circumstances warrant an exception." Municipal governments with populations of fewer than 15,000 are allowed to file by paper. In terms of current practice, the requirement for lobbyists to file electronically is in lobbying statute and was "signed off on by the commission as an order last November."

[10:22:39 AM](#)

MS. WARE provided a live demonstration of the electronic filing system, which is outlined on slide 6. She noted that when implementing electronic filing, many states have the filer pay for the electronic signature software. Alaska uses the MyAlaska electronic signature feature, which she said is probably familiar to anyone who has filed his/her permanent fund dividend (PFD) application electronically. The system allows the filer to sign in securely with a user name and password to which only he/she has access. She said the APOC reporting link brings the user the electronic filing system. When the forthcoming version is installed, there will be tabs for campaign disclosure and legislative financial disclosure.

[10:24:56 AM](#)

MS. WARE, continuing her demonstration, indicated that the Insight system stores forms that a filer has previously submitted, and those forms are then available for APOC to see. She reiterated the information regarding date and time recording. She pointed out an "amend" button, which allows the filer to make a change to data, then keeps the original as well as the amended version. She said APOC does not see any information until the filer has pressed the final "sign and submit."

10:27:41 AM

MS. WARE, in response to a question from Representative Seaton, said the way to tell between an amended page and the original is that once a page has been amended, the "amend button" is no longer lighted on the original form. If the filer needs to make another amendment, he/she would have to amend the amended page.

10:30:00 AM

MS. WARE, in response to Representative Wilson, said it is plausible that information could be worked on and stored, without having been submitted. However, she noted because of the way the law works, a lobbyist cannot start a form in the lobbyists' module until the first day of the month in which the report is due.

10:31:12 AM

REPRESENTATIVE GRUENBERG asked if there would be any possibility for a legislator to write a check electronically on his/her public office expense term (POET) account and then press a button to have that check automatically reported.

MS. WARE asked Representative Gruenberg to clarify if he is asking whether there would be an option of entering data in and having that data immediately available for viewing.

REPRESENTATIVE GRUENBERG responded that he is thinking that perhaps at some point there will be a method by which a person would type a check and it would be automatically reported at that time.

MS. WARE indicated her understanding that Chair Lynn has favored a notion of more immediate disclosure. She said the insight system does not propose changing any reporting deadlines, so at this point, because the computer contractors are setting up

business requirements based on existing statute, if a report is due at a certain time of the year, that's how they will build the application. That does not preclude Representative Wilson's remark about entering data in as contributions come in well before submitting the report on the day it's due. She stated, "So, that capability certainly exists in the system, and that's one of the advantages of electronic filing. There [are] immense storage capabilities, and you can enter the data in at your convenience, and it is stored for you, and then you just simply open it up."

[10:33:23 AM](#)

REPRESENTATIVE LYNN stated that if he writes a check, he wants it to immediately show up, but that would not work with the reporting dates. However, he pointed out that it is the legislature that sets up the reporting dates, so they can be changed. Chair Lynn stated that one of the purposes of today's hearing is to see if the upcoming technology via APOC's electronic reporting system can be integrated with legislation that he would like to propose.

[10:34:29 AM](#)

MS. WARE, in response to Representative Seaton, related that the system requires two buttons to be pushed in order to delete information; it is designed that way to avoid accidental deletion. Furthermore, a "back up" is done to the system several times a day.

MS. WARE next demonstrated the filing of a new lobbyist report form, which requires first choosing a reporting period.

[10:37:57 AM](#)

REPRESENTATIVE SEATON asked if there is an option by which a filer could see the most recent filing at the top.

MS. WARE answered that that kind of streamlined look and feel is what APOC is striving for in the next version of the system. In response to Chair Lynn, she confirmed that lobbyists are required by statute to submit a separate "schedule" for each employer.

[10:39:38 AM](#)

MS. WARE, referring again to the example, explained that year-to-date totals are automatically carried over from the last report period, which is an example of another time-saving feature in electronic filing. She said the machine takes out the human error factor, which should result in more accurate filing.

[10:41:04 AM](#)

MS. WARE concluded her demonstration of electronic filing. In response to Representative Wilson, she clarified that the APOC web site shows year-end disclosures of lobbyists, which "does a summary list per lobbyist for each of his or her employers."

[10:42:09 AM](#)

MS. WARE, in response to a question from Representative Johnson regarding contribution limits, said APOC has been meeting with the system contractor regarding campaign disclosure law, but has "not yet gotten the full system requirements document for the other laws." She said she cannot yet determine whether the system will have the capacity to let the filer know when a contributor has given too much money. In response to a follow-up comment from Representative Johnson, she stated that it is important to remember that although an electronic filing system provides a lot of time-saving features and accuracy, it cannot do everything; there may be features that are not going to be able to be incorporated into the system.

REPRESENTATIVE JOHNSON encouraged Ms. Ware to at least ask the question of the programmer.

MS. WARE indicated that she would do so.

[10:45:19 AM](#)

CHAIR WILSON noted that there is also a limit on how much money campaigners can receive from out-of-state sources. She said these issues are difficult to track; therefore, she asks her bookkeeper to maintain that record.

REPRESENTATIVE LYNN recalled that "the old program" showed the filer when he/she reached the limit.

MS. WARE responded that she would not know that, since the old program was used before she became involved with APOC.

[10:46:14 AM](#)

REPRESENTATIVE SEATON opined that "it's absolutely right that they need to construct the program that way," and there should be a check box to mark showing whether or not the contribution is from someone out of state. He indicated that the "idea of having the limits show up" could be part of the system.

[10:47:15 AM](#)

MS. WARE returned to her presentation. As shown on slide 7, she reiterated that version two of Insight will be deployed in June [2009]. Furthermore, APOC expects the system requirements and updated cost estimates for the following disclosure laws: public official financial disclosure, legislative financial disclosure, and campaign disclosure. She said APOC estimates the public official and legislative financial disclosure electronic filing capabilities will be available in the fall or winter of 2009, while the electronic filing capabilities for campaign deployment is expected by late spring or summer of 2010. Those anticipated dates could change based on the information that will be provided in the aforementioned document expected this June.

MS. WARE, in response to Chair Lynn, reviewed that legislators can expect to electronically file their next legislative financial disclosure - due March 15, 2010. Campaign disclosure will be the last module put into electronic format, because it is the most complicated, she explained.

[10:49:57 AM](#)

MS. WARE addressed other topics from her slide presentation by way of answering questions from the committee. As shown on slide 9, she stated that there is no plan at this point for Insight to include a link to legislators' campaign bank accounts; therefore, they would "do what you currently do in terms of your financial institution with regard to your campaign forms." She reiterated that Insight will reduce the time spent filing forms, because of the features previously demonstrated. The system, she said, will be "a one-stop shop for you to file all of your APOC financial disclosures." She reiterated that Insight will provide APOC with much better capabilities in terms of reporting to the public.

[10:50:58 AM](#)

REPRESENTATIVE LYNN asked if there is any potential for programmers to work out a way, not through Insight, for filing to be linked to bank accounts.

MS. WARE replied, "We certainly can have that dialogue with the programmers."

REPRESENTATIVE LYNN clarified that he wants to know if it is feasible to have such a connection.

[10:51:45 AM](#)

ANNETTE KREITZER, Commissioner, Department of Administration, stated, "With enough money and time, anything is feasible." She indicated she has written down the comments she has heard today.

[10:52:21 AM](#)

REPRESENTATIVE LYNN commented that Commissioner Kreitzer knows about his intentions to propose a related bill, and he said he hopes that at some point in the future, the state could transition "into the more immediate thing." He reiterated that campaign reporting dates do not need to be limiting, because they can be changed by statute. He said he thinks "this may be an excellent midway exercise."

[10:52:59 AM](#)

COMMISSIONER KREITZER emphasized that the project has been a complicated one fraught with disappointments; however, it is one of the most important projects that Enterprise Technology Services (ETS) is supporting. Everyone involved - the public, APOC, the lobbyists, and the legislature - must have confidence in the project, she stated.

CHAIR LYNN clarified that it sounds like this will be a big step forward in a process everyone wants, but he said he has an eye to the future.

[10:53:46 AM](#)

REPRESENTATIVE WILSON highlighted that she cannot see banks agreeing with [Chair Lynn's idea to have checking accounts linked to an electronic filing system]. She named the different accounts that exist for her husband, herself, and her legislative accounts, and said the bank has put "things in the wrong accounts."

[10:54:52 AM](#)

CHAIR LYNN shared that some years back, his bank made an error regarding the personal and campaign accounts he held there. The bank corrected its mistake, but Chair Lynn said he separated his two accounts into "two different banks in different parts of town."

[10:55:26 AM](#)

REPRESENTATIVE JOHNSON related that it would be more difficult to pass the legislation previously referred to by Chair Lynn than to pay for it.

REPRESENTATIVE LYNN responded that that would have little to do with the merits of the concept.

REPRESENTATIVE JOHNSON replied, "If your bill takes place, I'll just write my check to my campaign manager, and I'll have one \$10,000 check, and you'll never know anything I spend it on anyway, so knock yourself out."

[10:56:14 AM](#)

REPRESENTATIVE SEATON proffered that the question of "linking to banks" is different from "importing data." He stated that most legislators have electronic access to their own accounts, and having the ability to send the information from personal computers to APOC's system would eliminate errors. He said this is a system used by TurboTax.

[10:57:15 AM](#)

REPRESENTATIVE LYNN said he does not care how it is done, as long as the end result is instant disclosure.

[10:57:38 AM](#)

MS. WARE told Representative Seaton that [APOC] has discussed that kind of functionality and the need for filers to be able to cut and paste data from other forms and/or upload information from other programs being used.

COMMISSIONER KREITZER said she understands what Representative Seaton is saying, and she indicated that the administration would have a conversation regarding exporting finance

information out of personal programs into the state's system. She said, "I don't know that this is exactly instant, but it's getting closer to it."

REPRESENTATIVE LYNN said he ultimately wants the system to work so that when legislator gets a contribution check and deposits it, it is instantly public, without having to count on the honesty of any legislator. He surmised that the problem is not that this is impossible, but that there needs to be willingness among those involved to work it out.

10:59:49 AM

REPRESENTATIVE WILSON said many places in Alaska are remote, which means that she may be away from home for three weeks some times. She said during her absence, she may receive a contribution check, and she cannot make a deposit until she is near a bank again.

11:00:52 AM

REPRESENTATIVE LYNN said he understands that, but just wants a deposit to be made public as soon as the deposit can be made.

11:01:09 AM

HOLLY ROBERSON HILL, Director, Alaska Public Offices Commission (APOC), Department of Administration, proffered that the answer to a previous query - whether or not electronic filing is required in statute - is found in AS 15.13.040. She referred particularly to [subsection] m, which read as follows:

(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) a candidate for election to a borough or city office of mayor, membership on a borough assembly, city council, or school board, or any state office, who meets the requirements of (g)(1) - (3) of this section; or

(B) a candidate for municipal office for a municipality with a population of less than 15,000; in

this subparagraph, "municipal office" means the office of an elected borough or city

(i) mayor; or

(ii) assembly, council, or school board member;

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

[11:02:25 AM](#)

CHAIR LYNN thanked APOC for its work regarding electric filing.

[11:03:03 AM](#)

CHAIR LYNN discussed the upcoming committee calendar.

HJR 8-CONST. AM: APPROP. LIMIT/MINERAL REVENUE

[11:03:54 AM](#)

REPRESENTATIVE GRUENBERG recalled that when HJR 8 was previously heard, he had inquired as to whether Representative Kelly had information on the amount currently owed to the Constitutional Budget Reserve Fund (CBRF). He said he subsequently obtained information from a legislative research report, which shows that amount is \$620,578,218.

[11:05:24 AM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 11:05 a.m.