

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

January 27, 2015

8:04 a.m.

**MEMBERS PRESENT**

Representative Bob Lynn, Chair  
Representative Wes Keller, Vice Chair  
Representative David Talerico  
Representative Liz Vazquez  
Representative Louise Stutes  
Representative Max Gruenberg

**MEMBERS ABSENT**

Representative Jonathan Kreiss-Tomkins

**OTHER LEGISLATORS PRESENT**

Representative Jim Colver

**COMMITTEE CALENDAR**

HOUSE BILL NO. 65

"An Act relating to the disclosure of financial information by persons who are subject to the Legislative Ethics Act and by certain public officers, public employees, and candidates for public office."

- HEARD & HELD

HOUSE BILL NO. 43

"An Act establishing Alaska Law Enforcement Officers' Day."

- BILL HEARING POSTPONED TO 2/3/15

**PREVIOUS COMMITTEE ACTION**

BILL: HB 65

SHORT TITLE: LEG./PUB. OFFICIAL FINANCIAL DISCLOSURE

SPONSOR(S): REPRESENTATIVE(S) HAWKER

01/21/15	(H)	READ THE FIRST TIME - REFERRALS
01/21/15	(H)	STA, JUD
01/27/15	(H)	STA AT 8:00 AM CAPITOL 106

## **WITNESS REGISTER**

JULI LUCKY, Staff  
Representative Mike Hawker  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented HB 65 on behalf of Representative Hawker, prime sponsor.

JOAN MIZE, Project Coordinator  
Regulation of Lobbying  
Juneau Office  
Alaska Public Offices Commission (APOC)  
Juneau, Alaska

**POSITION STATEMENT:** Provided information regarding disclosure law during the hearing on HB 65.

PAUL DAUPHINAIS, Executive Director  
Alaska Public Offices Commission (APOC)  
Anchorage, Alaska

**POSITION STATEMENT:** Clarified points of discussion during the hearing on HB 65.

JERRY ANDERSON, Administrator  
Select Committee on Legislative Ethics  
Anchorage, Alaska

**POSITION STATEMENT:** Provided information during the hearing on HB 65.

## **ACTION NARRATIVE**

[8:04:12 AM](#)

**CHAIR BOB LYNN** called the House State Affairs Standing Committee meeting to order at 8:04 a.m. Representatives Keller, Stutes, Talerico, Vazquez, and Lynn were present at the call to order. Representative Gruenberg arrived as the meeting was in progress.

### **HB 65-LEG./PUB. OFFICIAL FINANCIAL DISCLOSURE**

[8:04:13 AM](#)

CHAIR LYNN announced that the only order of business was HOUSE BILL NO. 65, "An Act relating to the disclosure of financial information by persons who are subject to the Legislative Ethics Act and by certain public officers, public employees, and candidates for public office."

8:04:34 AM

JULI LUCKY, Staff, Representative Mike Hawker, Alaska State Legislature, presented HB 65 on behalf of Representative Hawker, prime sponsor. She explained that the proposed legislation would extend the deadline for the legislative financial disclosure (LFD) and public official financial disclosure (POFD) from the current date of March 15 to April 30. She said the change would not affect the content of the reports, change deadlines for any other reports other than the annual financial disclosure, and would not affect any campaign reporting deadlines or content requirements. In response to Chair Lynn, she said the reason for the proposed change is that people gather information for the April 15 federal tax deadline, and the sponsor believes that that information is the best and most accurate information for filling out the disclosures. In response to a follow-up question, she said some people have very complex filing, and the proposed bill would allow them to have that final federal tax filing information at their disposal.

8:06:49 AM

REPRESENTATIVE KELLER noted that "income" is defined as "any money that a person sees." He said he is contemplating an amendment to change that definition to "profit" or "net instead of gross." He explained that there are a lot of small businesses that receive hundreds of checks for services, and all those checks would have to be reported as income. He offered his understanding that all those checks are not really income, which he said he thinks is just profit.

8:07:59 AM

MS. LUCKY responded that she does not think the sponsor would have a problem with such an amendment; however, she recommended hearing feedback from a representative of APOC to make sure the accuracy of the reports would not be affected.

8:08:21 AM

REPRESENTATIVE VAZQUEZ said she would like to see the deadline extended to May 15 to allow breathing room for legislators who have just finished a session and to take into account time for special sessions. She said she agrees that the deadline should be after income taxes are filed.

8:09:01 AM

REPRESENTATIVE KELLER pointed out that the section of law related to the disclosure applies not only to legislators, but also to people who serve on boards and commissions, many of whom volunteer hours of their time but "have to go through this indignity of reporting every dollar and every penny that comes across."

8:10:00 AM

REPRESENTATIVE TALERICO said one issue, which he knows is not addressed under HB 65, is the requirement to disclose the income of a child under age 18, who is living in the home of the person filling out the disclosure, even if the child's income is not a substantial amount. He said he has never felt that is information that needs to be made public.

8:10:43 AM

REPRESENTATIVE STUTES remarked that she thinks the proposed bill is "just the tip of the iceberg in relation to APOC issues."

8:11:23 AM

JOAN MIZE, Project Coordinator, Regulation of Lobbying, Juneau Office, Alaska Public Offices Commission (APOC), offered her understanding that the disclosure laws were first changed in 1998. The deadline at that time was April 15, and one suggestion was to change it to February 15, so that the public could have disclosures before the end of session; however, the date settled on was March 15, because mid-February was not enough time for people to get their tax information in January and have their disclosures prepared so soon after that. In response to Representative Keller, she offered her understanding that during the discussion back in 1998, there was one person who wanted to have the date set in May; however, she indicated that the general consensus was that May was too far off from when the public would want the information made available.

8:14:47 AM

MS. MIZE, regarding Representative Keller's previous comment about the definition of "income", stated that there is a definition in the Act. She deferred to the executive director of APOC for further questions.

REPRESENTATIVE KELLER offered his understanding that someone serving on a board or commission who, for example, owns a small flying service, would be required by APOC to report each customer's name and check information, even though the check is income for the purposes of determining tax, but is not necessarily profit. He remarked on the amount of work it takes to write all that information down. Further, he said some of that information is proprietary.

[8:16:58 AM](#)

PAUL DAUPHINAIS, Executive Director, Alaska Public Offices Commission (APOC), clarified that many of the issues on the public official and legislative financial disclosure forms are in ranges, and some of those are quite broad. He said "income" is defined in AS 24.60.990(a)(7), which read as follows:

(7) "income" means an asset that a person has received or expects to receive, regardless of whether it is earned or unearned; inheritances and other gifts are not income;

MR. DAUPHINAIS remarked that when the recording date follows a legislative session, people who file can get busy and forget things, which he said he thinks is part of the reason that the date got moved up. In response to Representative Keller, Mr. Dauphinais clarified the statute number to which he had referred. He said in APOC regulation 2 AAC 50.990, the definition of income refers to the aforementioned statute. He said he does not know how that relates to the tax code or the Department of Revenue.

REPRESENTATIVE KELLER said he was interested in seeing this change, but did not want to hold the bill up. He recognized that HB 65 would be heard by the House Judiciary Standing Committee, and said he would look into the matter before then. He welcomed input from Mr. Dauphinais regarding the definition, because he surmised that working on the definition would result in making the executive director's job easier.

[8:20:56 AM](#)

The committee took an at-ease from 8:21 a.m. to 8:26 a.m.

[8:26:00 AM](#)

MS. LUCKY, to Representative Keller, offered her understanding that it is the self-employment section of the disclosure where each individual client is listed; therefore, she said she was not sure that changing gross to net would fix that. She recommended clarifying what the problem is to create a more accurate solution to it. She said she understands the concern that "reports won't be out before the beginning of session"; however, she reminded everyone that "there is an annual report or a 30-day report that is already on file for each individual."

[8:27:21 AM](#)

REPRESENTATIVE KELLER expressed willingness to not propose an amendment if the sponsor would be willing to work with the committee and Legislative Legal and Research Services to define "income" to reflect actual profit and to eliminate the need to list every client.

MS. LUCKY indicated that the sponsor would be amenable to doing that.

[8:28:26 AM](#)

REPRESENTATIVE GRUENBERG directed attention to an amendment in the committee packet, labeled, "29-LS0070\A.2, Wayne, 1/26/15," [which became Amendment 1], and expressed his wish to have Representative Vazquez' name added on it with his own.

[8:29:01 AM](#)

REPRESENTATIVE VAZQUEZ presented Amendment 1, which read as follows:

Page 1, line 9:  
Delete "April 30"  
Insert "May 15"

Page 2, line 29:  
Delete "April 30"  
Insert "May 15"

REPRESENTATIVE GRUENBERG said he would object for the purpose of discussion. He said Section 3 of HB 65 deals with non-elected people. He said he thinks it would be easier for APOC and "most folks" to have one date rather than two different ones. He explained that is why Amendment 1 would make the change in both places. He offered his understanding that AS 24.60.120(b) is

the statute that outlines when public members of the Legislative Committee on Ethics file their disclosures, and he recollected that their filing date is the first week of January. He said that may a subject to consider in the next committee of referral.

[8:31:31 AM](#)

JERRY ANDERSON, Administrator, Select Committee on Legislative Ethics, regarding the comments from Representative Gruenberg, said if APOC has a public member being confirmed, the commission has an LFD on file prior to any appointment date. He said that is why they have an earlier date.

[8:32:59 AM](#)

REPRESENTATIVE VAZQUEZ asked Mr. Anderson if he thinks "that line" would satisfy the need of the Select Committee on Legislative Ethics.

MR. ANDERSON answered yes. He added, "I think a change to another date could work; it just works now because of that confirmation process for our public members." He clarified that he would not take issue with either date.

[8:33:45 AM](#)

REPRESENTATIVE VAZQUEZ moved to adopt Amendment 1 [text provided previously].

CHAIR LYNN announced that there being no objection, Amendment 1 was adopted.

[8:34:28 AM](#)

CHAIR LYNN announced that HB 65, [as amended], was held over.

[8:35:13 AM](#)

REPRESENTATIVE GRUENBERG expressed his gratitude for being assigned to the House State Affairs Standing Committee after a two-year hiatus.

[8:35:45 AM](#)

**ADJOURNMENT**

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 8:36 a.m.