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1 IN THE SENATE

2 SENATE BILL NO. 175

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act adopting a code of ethics for state officials
7 and state employees; establishing a State Ethics
8 Commission; repealing AS 39.50; and providing for an
9 effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. LEGISLATIVE FINDINGS AND STATEMENT OF POLICY. (a) The
12 legislature finds that public confidence in the impartiality and independence
13 of state officials and employees is essential for the sound functioning of a
14 democratic government. To maintain public confidence, the offices of the
15 state must be conducted in a manner free from improper influences which may
16 arise from opportunities for personal gain or from divided loyalties result-
17 ing from involvement in business ventures that may benefit from particular
18 government decisions or courses of action.

19 (b) The purpose of the the code of ethics enacted in sec. 2 of this
20 Act is to establish ethical standards for state officials and employees for
21 the avoidance of conflicts of interest such as the use of offices or employ-
22 ment for private gain, the granting and exchange of favored treatment to
23 persons, businesses or organizations, and the conduct of activities by
24 officials and employees that may engender opportunities for personal gain or
25 advantage to influence government decisions. It is the purpose of the code
26 of ethics to delineate clearly the ethical standards for state officials and
27 employees to aid them in avoiding situations or conduct that may give rise
28 to the appearance of impropriety even when no actual impropriety may have
29 occurred. It is the intention of the legislature that AS 39.49 as enacted

1 in sec. 2 of this Act be liberally construed so as to accomplish its pur-
2 poses of protecting the public against government decisions that may result
3 or be affected by undue influences or conflicts of interest.

4 * Sec. 2. AS 39 is amended by adding a new chapter to read:

5 CHAPTER 49. CONFLICT OF INTEREST AND FINANCIAL DISCLOSURE.

6 Sec. 39.49.010. STATE ETHICS COMMISSION. (a) The State Ethics
7 Commission is established in the Department of Administration.

8 (b) The commission consists of seven members appointed by the
9 governor with the concurrence of the legislature in joint session.

10 (c) No more than four of the commission members may be members of
11 the same political party. A member may not hold an elected or appointed
12 office under the government of the United States, the state or a munici-
13 pality of the state or be a candidate for an office under the United
14 States, the state or a municipality of the state or be an employee of
15 the United States government, of the state, or of a municipality of the
16 state.

17 (d) A commission member may contribute to a political campaign
18 but may not hold a political party office or participate in a political
19 campaign or in a campaign relating to a ballot issue.

20 (e) A member may not be a lobbyist.

21 (f) Members may be removed by the governor, after written notice
22 and opportunity for reply, for substantial neglect of duty, gross
23 misconduct in office, or violation of this chapter.

24 (g) A member of the commission is appointed for a term of seven
25 years and until a successor is appointed and qualifies. A member may
26 not serve more than one full seven-year term. When a vacancy occurs in
27 the membership of the commission, it shall be filled for the unexpired
28 portion of the term. The terms of no two commission members who are
29 members of the same political party may expire in consecutive years.

1 (h) Four members of the commission constitute a quorum and the
2 vote of four members is required for action by the commission.

3 Sec. 39.49.030. PRESIDING OFFICER OF THE COMMISSION. The commis-
4 sion shall elect a presiding officer from among its membership.

5 Sec. 39.49.040. COMPENSATION, TRAVEL AND PER DIEM. A member of
6 the commission is entitled to compensation at the rate of \$50 a day
7 while attending meetings of the commission and is entitled to travel
8 expenses and per diem authorized by law for members of state boards and
9 commissions under AS 39.20.180.

10 Sec. 39.49.050. EXECUTIVE DIRECTOR AND EMPLOYEES. The commission
11 may appoint an executive director and establish his compensation to
12 assist the commission in carrying out its functions in accordance with
13 commission policies and regulations under applicable law. The executive
14 director may appoint and discharge employees, consistent with law, and
15 shall fix the compensation of employees and prescribe their duties.

16 Sec. 39.49.060. DELEGATION OF COMMISSION AUTHORITY. The commis-
17 sion may delegate to the presiding officer or the executive director
18 the authority to act in the name of the commission between meetings of
19 the commission. The commission may not delegate the power to hold
20 hearings and determine violations.

21 Sec. 39.49.070. OFFICES OF THE COMMISSION. The commission shall
22 establish a regional office in each senate district in the state but it
23 may not establish more than one office in a municipality of the state.

24 Sec. 39.49.080. POWERS AND DUTIES OF THE COMMISSION. (a) The
25 commission may adopt regulations to carry out the provisions of this
26 chapter and to govern the procedures of the commission in accordance
27 with the Administrative Procedure Act (AS 44.62).

28 (b) The commission may subpoena witnesses, compel their atten-
29 dance and testimony, administer oaths or affirmations, take evidence

1 and require by subpoena the production of books, papers, records or
2 other evidence needed for the performance of the duties of the commis-
3 sion or the exercise of its powers.

4 (c) The commission shall

5 (1) prescribe forms for reports statements, notices, and
6 other documents required by this chapter, AS 15.13, or AS 24.45;

7 (2) prepare and publish manuals and guides explaining the
8 duties of individuals covered by this chapter, AS 15.13, or AS 24.45,
9 giving instructions and public information materials to facilitate
10 compliance with and enforcement of this chapter, AS 15.13, or AS 24.45;
11 and

12 (3) provide assistance to agencies officials and employees
13 in administering this chapter, AS 15.13, or AS 24.45.

14 (d) The commission may

15 (1) prepare reports and studies to advance the purposes of
16 this chapter, AS 15.13, or AS 24.45;

17 (2) contract for services which cannot satisfactorily be
18 performed by its employees;

19 (3) request state agencies to provide assistance as it may
20 require.

21 Sec. 39.49.090. LEGAL COUNSEL. (a) The attorney general is
22 legal counsel for the commission. He shall advise the commission in
23 legal matters arising in the discharge of its duties and represent the
24 commission in actions to which it is a party.

25 (b) The commission may request the chief justice of the supreme
26 court to appoint a special prosecutor to represent the commission in a
27 proceeding involving an alleged violation of this chapter and to prose-
28 cute the violation if the attorney general fails or refuses to prosecute
29 the violation.

1 (c) When the public interest warrants, the commission may employ
2 temporary legal counsel in matters in which the commission is involved.

3 Sec. 39.49.100. COMPLAINTS. (a) The commission shall initiate
4 investigations of alleged violations of this chapter, AS 15.13, or
5 AS 24.45 on its own determination or on the receipt of a sworn com-
6 plaint.

7 (b) The receipt of a complaint shall be acknowledged to the
8 complainant within 15 days after its receipt. The commission shall
9 give notice of the investigation to the person who is the subject of
10 the investigation on the initiation of the investigation.

11 (c) Within 30 days after receipt of a complaint under this section
12 or after the commission determines to initiate an investigation, the
13 commission shall notify in writing the complainant and the person who
14 is the subject of the investigation of the action the commission has
15 taken or plans to take on the complaint.

16 (d) If the commission believes that there is probable cause for
17 believing that this chapter, AS 15.13, or AS 24.45 has been violated,
18 it may hold a hearing to determine if a violation has occurred. The
19 person against whom the complaint has been filed may choose whether the
20 hearing shall be open or closed to the public under AS 44.62.310(c)(2).
21 At the hearing, the person against whom the complaint has been filed
22 has the protections of the Administrative Procedure Act (AS 44.62)
23 including the right to be represented by counsel, the right to call and
24 examine witnesses, the right to the production of evidence by subpoena,
25 the right to introduce exhibits and the right to cross-examine opposing
26 witnesses.

27 (e) If the commission determines that the preponderance of the
28 evidence shows a violation has occurred, it may order the violator to

29 (1) cease and desist from violation of this chapter, AS 15.-

1 13, or AS 24.45;

2 (2) file a report or information required by this chapter,
3 AS 15.13, or AS 24.45;

4 (3) pay a penalty not to exceed \$100 a day until the proper
5 reports or information required by law are filed.

6 Sec. 39.49.110. PROSECUTIONS. The commission shall refer to the
7 attorney general violations of the law which it determines merit prose-
8 cution. The attorney general has responsibility for prosecutions under
9 the law and may request from the commission evidence collected in its
10 investigation.

11 Sec. 39.49.120. ADVISORY OPINIONS OF THE COMMISSION. (a) The
12 commission may issue opinions and interpretations of the law. A person
13 may request the commission to issue an opinion with respect to his
14 duties under this chapter, AS 15.13, or AS 24.45 in a given factual
15 situation. The commission shall either issue the opinion within 30
16 days, or advise the person who made the request when an opinion will be
17 issued.

18 (b) A person who acts in good faith relying on an opinion issued
19 to him by the commission is not subject to criminal or civil penalties
20 if the statement of facts and the data submitted as part of his request
21 for an opinion and on which the opinion is based are essentially com-
22 plete and true. An opinion of the commission with modifications neces-
23 sary to protect the privacy of an individual other than a public offi-
24 cial or candidate for public office is a public record and may be
25 published by the commission.

26 Sec. 39.49.130. MODIFICATION OF REPORTING REQUIREMENTS. On
27 application made in the form prescribed by it, the commission may sus-
28 pend or modify a requirement of AS 39.49.140 - 39.49.150 in a particular
29 case, if it finds (1) that strict application of this chapter works a

1 manifestly unreasonable hardship; and (2) that the suspension or
2 modification will not frustrate the purposes of the law. Suspension or
3 modification limits the application of a requirement only to the extent
4 necessary to relieve the hardship.

5 Sec. 39.49.140. FINANCIAL DISCLOSURE. (a) A state official
6 shall file with the commission a financial disclosure statement by
7 January 31 of each year. The statement shall cover the previous calen-
8 dar year. The state official shall file the statement at an office of
9 the commission or shall mail it by certified mail to the commission
10 before February 1.

11 (b) A person who becomes a state official less than 10 days
12 before January 31 or who becomes a state official after January 31
13 shall file a financial disclosure statement for the 12 full months
14 occurring before he became a public official no later than 10 days
15 after the date on which he assumes the duties of his office. A state
16 official who has filed a financial disclosure statement with the commis-
17 sion during the preceding 12 months is exempt from the requirements of
18 this subsection.

19 (c) A candidate for state office shall file a financial disclosure
20 statement with the director of elections for the 12 full months occur-
21 ring before he became a candidate at the time he becomes a candidate,
22 unless he filed a financial disclosure statement with the commission
23 during the previous 12 months. A candidate shall continue to file
24 annual financial disclosure statements with the commission under (a) of
25 this section until he ceases to be a candidate by reason of election,
26 withdrawal, or defeat.

27 (d) The commission shall retain financial disclosure statements
28 for not less than 10 years from the date on which they were due.

29 Sec. 39.49.150. CONTENTS OF FINANCIAL DISCLOSURE STATEMENT. (a)

1 A state official or candidate shall report his economic interests and
2 the known economic interests of members of his household. The value of
3 interests shall be indicated by category only. The categories are

- 4 (1) Category I -- less than \$5,000;
- 5 (2) Category II -- \$5,000 - \$24,999;
- 6 (3) Category III -- \$25,000 - \$99,999
- 7 (4) Category IV -- \$100,000 or more.

8 (b) The financial disclosure statement shall include

9 (1) the name, address, and public position held or sought by
10 the state official or candidate, the names of the members of his house-
11 hold, and the names under which any of them are engaged in business;

12 (2) the occupations and principal places of business of the
13 state official or candidate and of the members of his household, indi-
14 cating in each instance which person is associated with a particular
15 business;

16 (3) the name of each business with which the state official
17 or candidate or a member of his household was associated during the
18 filing year, indicating to which person it applies, a description of
19 the business or activity of the business entity, and the nature of the
20 association of the state official or candidate or member of his house-
21 hold with the business;

22 (4) a listing of all interests of the state official or
23 candidate and of the members of his household in real property, exclud-
24 ing the principal residence of the state official or candidate,
25 acquired, held, or transferred during the previous year and which had a
26 fair market value exceeding \$5,000, including the street address or
27 legal description of the property, the date of an acquisition or trans-
28 fer, and its value by category;

29 (5) a listing of the securities the state official or candi-

1 date or members of his household acquired, held, or transferred during
2 the previous year and which had during the year a fair market value of
3 \$5,000 or more, the value by category for the security, and the date of
4 an acquisition or transfer;

5 (6) a listing of bonds issued by the state or by a municipal-
6 ity of the state regardless of value, acquired, held, or transferred by
7 the state official or candidate or a member of his household during the
8 filing year, their value by category and the date of an acquisition or
9 transfer;

10 (7) the name and address of a creditor to whom the state
11 official or candidate or a member of his household incurred, owed, or
12 discharged a debt in excess of \$1,000 at any time during the filing
13 year other than for a credit card or retail installment contract, the
14 rate of interest, and the date the debt was incurred or discharged,
15 listing the obligation to each creditor and the amount of each debt by
16 category;

17 (8) the name and address of a person or business that made
18 payments or provided gross income exceeding \$1,000, other than income
19 received from securities reported in (b)(5) of this section, including
20 the amount by category, to the state official or candidate or a member
21 of his household, indicating the nature of the business or services for
22 which the payment or income was received; a report shall be made under
23 this paragraph when the payment is to a business which pays or which is
24 under an obligation to pay a prorated share to the state official or
25 candidate exceeding \$1,000; if the payments or income are for the
26 delivery of medical or mental health services, the income shall be
27 listed but the identity of individual patients need not be reported;

28 (9) the name and address of a business or governmental
29 client or customer of a business in which the state official or candi-

1 date or a member of his household is an officer, director, or partner
2 or has an ownership interest of more than 50 percent, if the client or
3 customer has paid an aggregate of \$25,000 or more to the business
4 during the filing year, but the amounts of the fees need not be re-
5 ported;

6 (10) a list of gifts received which exceed \$100 in value from
7 persons other than relatives or a person to whom the state official or
8 candidate is engaged or intends to marry.

9 Sec. 39.49.160. CONFLICTS OF INTEREST BY A STATE OFFICIAL OR
10 EMPLOYEE. (a) A state official or state employee may not use his
11 public office for private advancement or gain.

12 (b) A state official or state employee may not represent or
13 assist a person or business before a state agency in a transaction
14 involving the state or before the municipal council or assembly or an
15 agency of a municipality of the state in a transaction involving the
16 municipality if the compensation to be paid to the state official or
17 state employee is contingent on the success to be achieved in the
18 representation or assistance.

19 (c) A state official or state employee may not represent or
20 assist a person or business for a fee or other compensation to secure
21 passage of a bill, to obtain a contract or payment of a claim, or in
22 any other transaction or proposal if he has participated, or may parti-
23 cipate as an official or employee in the matter.

24 (d) A state official or state employee may not represent or
25 assist a person or business before a state agency on a bill, contract,
26 claim, or other transaction or proposal involving official action by
27 the agency if he is an official or employee of the agency.

28 (e) This section does not apply to members of the state legis-
29 lature.

1 Sec. 39.49.170. CONFLICTS OF INTEREST BY MEMBERS OF THE LEGISLA-
2 TURE. (a) A member of the legislature and a person appointed by the
3 legislature or by a legislator may not represent or assist a person or
4 business before a state agency or before an agency of a municipality of
5 the state for compensation or other benefit or promise of benefit.

6 (b) A member of the legislature shall comply with the reporting
7 requirements of this chapter.

8 Sec. 39.49.180. GOVERNMENT CONTRACTS. (a) A state official or
9 state employee or a member of his household may not be a party to or
10 have an interest in the profits or benefits of a state contract or the
11 investment of state money unless

- 12 (1) the contract is let by competitive bidding;
13 (2) the contract involves not more than \$150; or
14 (3) the contract is for necessary supplies or services for
15 the agency which are unobtainable elsewhere at the same or lower cost
16 or which are furnished to the agency as part of a continuing course of
17 dealing, established before the state official or state employee became
18 associated with the agency, and the transaction is conducted at arm's
19 length, with the agency's full knowledge of the interest of the state
20 official or state employee or a member of his household, and the state
21 official or state employee takes no part in the determinations of
22 specifications, deliberations or decision of the agency with respect to
23 the contract.

24 (b) In the absence of bribery or a purpose to defraud, a state
25 official or state employee or a member of his household, is not consid-
26 ered to have an interest in a contract or the investment of public
27 money when the person has a limited interest as shareholder or creditor
28 of the business which is the contractor on the contract involved or
29 which is the issuer of the security in which public money is invested.

1 A person claiming a limited interest shall file with the commission and
2 the agency an affidavit describing his limited interest before the
3 contract is entered into.

4 Sec. 39.49.190. CONFLICTS OF INTEREST IN EMPLOYMENT. (a) A
5 state official and a state employee may not seek employment with or
6 allow himself to be employed by a business which is or may be regulated
7 by an agency in which he serves.

8 (b) A business may not employ a state official or state employee
9 if the employment violates (a) of this section.

10 (c) In this section "employment" includes professional services
11 and other services rendered by the state official or state employee
12 whether rendered as an employee or as an independent contractor.

13 Sec. 39.49.200. AVOIDANCE OF CONFLICTS OF INTEREST. A state
14 official or state employee may not acquire a financial interest which
15 he has reason to believe will be directly and immediately affected by
16 his official action or the action of the agency in which he serves.

17 Sec. 39.49.210. REPORTING CONFLICTS OF INTEREST BY STATE OFFICIAL
18 OR EMPLOYEE. (a) A state official or state employee other than a
19 legislator who is required to take an action or make a decision in the
20 discharge of his official duties that may cause financial benefit or
21 detriment to him, to a member of his household, or to a business with
22 which he is associated, which is distinguishable from the effects of a
23 similar action on the public generally or a broad segment of the public
24 shall

25 (1) prepare a written statement describing the matter requir-
26 ing action or decision and the nature of the potential conflict; and

27 (2) deliver a copy of the statement to the commission and to
28 the head of his agency or if he is the head of the agency, to the
29 governor. This requirement does not prevent the person from making or

1 participating in the decision to the extent that the individual's
2 participation is legally required for the action or decision to be
3 made.

4 (b) The state official or state employee shall report a potential
5 conflict of interest under this section as soon as the state official
6 or state employee is or should be aware of the conflict.

7 Sec. 39.49.220. REPORTING CONFLICTS OF INTEREST BY MEMBERS OF THE
8 LEGISLATURE. (a) A member of the legislature who is required to take
9 an action in the discharge of his official duties that may cause finan-
10 cial benefit or detriment to him, to a member of his household, or to a
11 business with which he is associated, which is distinguishable from the
12 effects of a similar action on the public generally or a broad segment
13 of the public shall

14 (1) prepare a written statement describing the matter requir-
15 ing action and the nature of the potential conflict; and

16 (2) deliver a copy of the statement to the clerk of the
17 house or the secretary of the senate for inclusion in the journal and
18 to either the speaker of the house or the president of the senate.

19 (b) A member may request permission to abstain from voting on the
20 issue. This section does not prohibit a legislator from voting on a
21 matter that comes before his house of the legislature.

22 (c) The member of the legislature shall report a potential con-
23 flict of interest under this section as soon as the member of the
24 legislature is or should be aware of the conflict.

25 Sec. 39.49.230. ACCEPTANCE OF GIFTS BY STATE OFFICIALS OR EMPLOY-
26 EES. (a) A state official or state employee may not solicit or accept
27 a gift or gifts having an aggregate value of \$100 or more in a calendar
28 year from a person except from members of his family or from a person
29 whom he plans to marry.

1 (b) This section does not prevent the acceptance by a state
2 official or state employee of reimbursement for expenses which are
3 provided for by law.

4 (c) A person may not offer or make a gift which a state official
5 or employee is prohibited from accepting under (a) of this section.

6 Sec. 39.49.240. DISCLOSURE OF INFORMATION BY STATE OFFICIALS OR
7 EMPLOYEES. A state official or state employee may not disclose or use
8 confidential information or information not available to the general
9 public for personal gain or benefit or for the personal gain or benefit
10 of another person or business if he obtained the information through
11 his official position. The restriction on the use of information
12 continues for two years after he ends his term of office or leaves
13 government service or employment, and supersedes a less restrictive
14 requirement of confidentiality that may apply.

15 Sec. 39.49.250. LIMITATION ON REPRESENTATION BY STATE OFFICIALS
16 OR EMPLOYEES. (a) A former state official or former state employee
17 may not for two years following his term of office or his state employ-
18 ment assist another person or business whether or not for compensation
19 in a transaction or in an appearance in connection with a transaction
20 involving the state or an agency or municipality of the state in which
21 the former state official or former state employee participated during
22 his term of office or employment.

23 (b) A business in which a former state official or former state
24 employee is a partner or member or, in the case of a professional
25 corporation, a shareholder, and an employee of the business may not for
26 two years following the term of office or employment of the state
27 official or state employee assist another person in an appearance or
28 transaction involving the state or an agency or municipality of the
29 state in which the former state official or former state employee

1 participated during his term of office or state employment.

2 (c) For purposes of this section, the termination of employment
3 of the former state official or former state employee with the particu-
4 lar agency in which he served when he participated in the transaction
5 involving the state is the termination of his state employment.

6 (d) Nothing in this section prohibits a former state official or
7 former state employee from being retained or employed by the agency in
8 which he served.

9 Sec. 39.49.260. PENALTIES. (a) A person who knowingly violates
10 a provision of this chapter other than the requirement of financial
11 disclosure under AS 39.49.140 - 39.49.150 is guilty of a class A misde-
12 meanor.

13 (b) A person who knowingly violates a financial disclosure re-
14 quirement of AS 39.49.140 - 39.49.150 is guilty of a class B misde-
15 meanor.

16 (c) Prosecution for a violation of this chapter may be commenced
17 no later than three years after the violation.

18 (d) A person convicted of a misdemeanor under this chapter may
19 not be eligible for appointive office or for employment with the state
20 or act as a paid lobbyist for a period of four years following the date
21 of the conviction, unless the court at the time of sentencing reduces
22 or suspends the period. A plea of nolo contendere is considered a
23 conviction for purposes of this chapter.

24 Sec. 39.49.270. ENFORCEMENT. (a) The commission may bring an
25 action for injunctive relief to enjoin a violation or to compel compli-
26 ance with this chapter, AS 15.13, or AS 24.45 and for the collection of
27 civil penalties.

28 (b) The court may restrain official action in which it determines
29 that a violation apparently occurred, pending final adjudication. If

1 it is finally adjudicated that a violation has occurred and that in the
2 absence of the conflict of interest the official action might not have
3 been taken, the court may set aside the official action. In consider-
4 ing the granting of preliminary or permanent relief under this subsec-
5 tion, the court shall accord due weight to any injury to members of the
6 public who rely on the official action in good faith.

7 (c) A person who violates a reporting requirement of this chapter,
8 AS 15.13, or AS 24.45 is liable to the state for a civil penalty in an
9 amount not less than \$10 and not exceeding the value of the interest
10 not properly reported.

11 (d) A state official or state employee who realizes an economic
12 benefit as a result of violation of the conflict of interest provisions
13 of AS 39.49.160 - 39.49.250 is liable to the state for a civil penalty
14 in an amount not exceeding three times the amount or value of the
15 benefit.

16 (e) If two or more persons are responsible for a violation, each
17 of them is liable for the full amount of the civil penalty.

18 Sec. 39.49.280. CITIZEN ACTION. (a) A resident of the state may
19 request the commission to file an action for injunctive relief to
20 enjoin a violation or to compel compliance with the provisions of this
21 chapter, AS 15.13, or AS 24.45, or for the collection of civil penal-
22 ties.

23 (b) The request shall state the basis for the action. The commis-
24 sion shall indicate within 40 days whether it intends to file an action.
25 If an action is filed within 50 days of the request, no other action
26 may be brought unless the action brought by the commission is dismissed
27 without prejudice. If the commission fails to reply or to file the
28 action, the resident may file an action.

29 Sec. 39.49.290. CIVIL ACTIONS. (a) In an action brought under

1 AS 39.49.270 or 39.49.280 the court

2 (1) may consider the seriousness of the violation and the
3 degree of culpability of the defendant in determining the amount of
4 civil liability under AS 39.49.270(c) and (d);

5 (2) may require a private plaintiff at any stage of the pro-
6 ceedings to post a bond in an amount sufficient to assure payment of
7 costs and attorney fees.

8 (b) An action may not be filed under AS 39.49.270 or 39.49.280
9 more than three years after the violation complained of.

10 (c) The commencement or conclusion of a prosecution for a viola-
11 tion of this chapter, AS 15.13, or AS 24.45 does not bar a civil action
12 under AS 39.49.270 or 39.49.280, nor is a civil action a bar to prosecu-
13 tion for violation of this chapter, AS 15.13, or AS 24.45.

14 Sec. 39.49.300. DISCIPLINE. A state official or a state employee
15 who violates a provision of this chapter is subject to discipline,
16 including dismissal, by his agency, consistent with applicable personnel
17 laws, regulations, and procedures.

18 Sec. 39.49.400. DEFINITIONS. (a) In this chapter

19 (1) "assistant to the governor" includes an executive,
20 legislative, special, administrative, press, or similar assistant to
21 the governor;

22 (2) "business" means an entity operated for economic gain,
23 whether professional, industrial, or commercial, and whether established
24 to produce or deal with a product or a service and includes a sole
25 proprietorship, a self-employed person, partnership, corporation, joint
26 stock company, joint venture, receivership or trust, and a nonprofit
27 organization.

28 (3) "business with which a person is associated"

29 (A) means a business

1 (i) in which the state official or state employee
2 is a director, officer, owner, member, partner, employee;

3 (ii) in which the state official or state employee
4 is a holder of securities which have a fair market value of
5 \$5,000 or more; or

6 (iii) whose market value is one-fifth of the net
7 worth of the state official or state employee regardless of
8 its value;

9 (B) does not include an insurance company which has
10 issued a state official or a state employee a policy of insurance
11 if that is his sole association with the company.

12 (4) "candidate" means a person who

13 (A) files as a candidate for office with the director
14 of elections;

15 (B) announces publicly that he is running for elective
16 office; or

17 (C) authorizes the collection or disbursement of money
18 for the promotion of his candidacy or election;

19 (5) "child" includes a biological child, an adoptive child,
20 and a stepchild;

21 (6) "commission" means the State Ethics Commission;

22 (7) "gift"

23 (A) means an economic opportunity, a loan from a lending
24 institution on terms not generally available on loans, a gratuity,
25 a special discount, or a favor, hospitality, or service;

26 (B) does not include campaign contributions reported
27 under AS 15.13;

28 (8) "interest in real property" includes

29 (A) a leasehold, beneficial interest, ownership inter-

1 est, or an option to acquire an interest in real property;

2 (B) property owned by a business in which a public
3 official or a member of his household owns a controlling interest;

4 (9) "limited interest" means

5 (A) an equity interest in not exceeding five percent of
6 the outstanding shares of a corporation not traded on a public
7 exchange;

8 (B) an equity interest in not exceeding five percent of
9 the outstanding shares of a corporation traded on a public exchange
10 unless the commission establishes a lower percentage by regulation;
11 or

12 (C) an interest as a creditor in not exceeding five
13 percent of the total indebtedness of a corporation or other organi-
14 zation;

15 (10) "member of household" means

16 (A) a person who is the spouse, child, ward, or parent of
17 a public official; or

18 (B) the child, ward, or parent of the spouse of a
19 public official, and who shares the common residence of a public
20 official; or

21 (C) a person who is the child, ward, or parent of a
22 public official or of the spouse of a public official, and over
23 whose financial affairs and holdings the public official has legal
24 or actual control, whether or not they share a common residence;

25 (11) "official action"

26 (A) includes executive and administrative action in-
27 cluded in the issuance of orders, permits, and contracts;

28 (B) does not include legislative or judicial action;

29 (12) "parent" includes a biological parent, an adoptive

1 parent, and a step-parent;

2 (13) "security

3 (A) means a note; stock; treasury stock; bond; debenture;
4 evidence of indebtedness; certificate of interest or participation
5 in a profit-sharing agreement; collateral-trust certificates;
6 preorganization certificate or subscription; transferable
7 share; investment contract; voting-trust certificate; certificate
8 of deposit for a security; a certificate of interest or participation
9 in an oil, gas, or mining title or lease or in payments out
10 of production under the title or lease or in any sale of or indenture
11 or bond or contract for the conveyance of land or an interest
12 in land; an option on a contract for the future delivery of agricultural
13 or mineral commodities or another commodity offered or
14 sold to the public and not regulated by the Commodity Futures
15 Trading Commission; investment of money or money's worth including
16 goods furnished or services performed in the risk capital of a
17 venture with the expectation of some benefit to the investor where
18 the investor has no direct control over the investment or policy
19 decision of the venture; or, in general, an interest or instrument
20 commonly known as a "security" or a certificate of interest or
21 participation in, temporary or interim certificate for, receipt
22 for, guarantee of, or warrant or right to subscribe to or purchase,
23 any of the foregoing;

24 (B) does not include an insurance or endowment policy
25 or annuity contract under which an insurance company promises to
26 pay a fixed or variable sum of money either in a lump sum or
27 periodically for life or for some other specified period;

28 (14) "state employee" means a person who obtains or is entitled
29 to compensation for

1 (A) personal services to a department or agency of
2 state government other than a state official;

3 (B) includes

4 (i) permanent full-time and part-time employees;

5 and

6 (ii) an independent contractor unless the commis-
7 sion exempts an independent contractor by regulation;

8 (15) "state official" means

9 (A) a member of the legislature;

10 (B) the governor and lieutenant governor;

11 (C) the head and deputy head and director of a division
12 within a principle department in the executive branch of the state
13 government;

14 (D) the presiding officer and the members of a state
15 board or commission;

16 (E) an assistant to the governor;

17 (F) a justice of the supreme court;

18 (G) a judge of the court of appeals;

19 (H) a judge of the superior court;

20 (I) a judge of the district court.

21 (b) In this chapter "state commission or board" means the

22 (1) Agricultural Loan Advisory Board (created administra-
23 tively to assist in administration of AS 03.10);

24 (2) Alaska State Council on the Arts (AS 44.27.040);

25 (3) Alcoholic Beverage Control Board (AS 04.06.010);

26 (4) State Assessment Review Board (AS 43.56.040);

27 (5) Capital Selection Committee (44.06.110);

28 (6) Board of Education (AS 14.07.075);

29 (7) Educational Broadcasting Commission (AS 14.58.010);

- 1 (8) State Ethics Commission (AS 39.49.010);
2 (9) Employment Security Advisory Council (AS 23.20.025);
3 (10) Alaska Commercial Fisheries Entry Commission (AS 16.43.-
4 020);
5 (11) Fishermen's Fund Advisory and Appeals Council (AS 23.35.-
6 010);
7 (12) Alaska State Housing Authority (AS 18.55.020);
8 (13) State Commission for Human Rights (AS 18.80.010);
9 (14) State Investment Advisory Committee (AS 37.10.070(f));
10 (15) Alaska Judicial Council (art. IV, sec. 8, Alaska Con-
11 stitution);
12 (16) Commission on Judicial Qualifications (art. IV, sec.
13 10, Alaska Constitution);
14 (17) Governor's Commission on the Administration of Justice
15 (AS 44.19.110);
16 (18) Local Boundary Commission (AS 44.47.512);
17 (19) Occupational Safety and Health Review Board (AS 18.60.-
18 057);
19 (20) State Board of Parole (AS 33.15.010);
20 (21) State Personnel Board (AS 39.25.060);
21 (22) Alaska Pipeline Commission (AS 42.06.020);
22 (23) Public Employees Retirement Board (AS 39.35.030);
23 (24) Alaska Public Utilities Commission (AS 42.05.010);
24 (25) University of Alaska Board of Regents (AS 14.40.120);
25 (26) Alaska Royalty Oil and Gas Development Advisory Board
26 (AS 38.06.020);
27 (27) Small Business Development Corporation of Alaska (AS
28 44.87.020);
29 (28) Alaska State Development Corporation (AS 44.86.010);

- 1 (29) Alaska Teachers' Retirement Board (AS 14.25.035);
- 2 (30) Alaska Transportation Commission (AS 42.07.011);
- 3 (31) Workers' Compensation Board (AS 23.30.005);
- 4 (32) Alaska Commission on Postsecondary Education (AS 14.40.-
- 5 903);
- 6 (33) Alaska Municipal Bond Bank Authority (AS 44.85.020);
- 7 (34) New Capital Site Planning Commission (AS 44.06.200);
- 8 (35) Alaska Medical Facility Authority (AS 18.26);
- 9 (36) Alaska Oil and Gas Conservation Commission (AS 31.05);
- 10 (37) Alaska Housing Finance Corporation (AS 18.56);
- 11 (38) Alaska Coastal Policy Council members and their alter-
- 12 nates (AS 44.19.155);
- 13 (39) Alaska Agricultural Action Council (AS 44.33.450);
- 14 (40) Board of Fisheries (AS 16.05.221(a));
- 15 (41) Board of Game (AS 16.05.221(b));
- 16 (42) Board of Trustees and executive director of the Alaska
- 17 Permanent Fund Corporation (AS 37.13.040);
- 18 (43) Alaska Energy Center (AS 46.12).

19 * Sec. 3. AS 15.13.130 is amended by adding a new paragraph to read:
 20 (8) "commission" means the State Ethics Commission estab-
 21 lished in AS 39.49.010.

22 * Sec. 4. AS 15.25.030(b) is amended to read:
 23 (b) A person filing a declaration of candidacy under this section
 24 shall simultaneously file a financial disclosure statement [OF INCOME
 25 SOURCES AND BUSINESS INTERESTS] which complies with the requirements of
 26 AS 39.49.140 and 39.49.150 [AS 39.50].

27 * Sec. 5. AS 18.26.030(b) is amended to read:
 28 (b) The four public members appointed under (a)(4) of this sec-
 29 tion serve for four-year terms. Each must be a resident of the state

1 and a qualified voter at the time of appointment and shall comply with
2 the requirements of AS 39.49 [AS 39.50] (conflict of interest). The
3 public members first appointed shall have terms of one, two, three and
4 four years respectively, to be determined by lot. Each member shall
5 hold office for the term of his appointment and until his successor has
6 been appointed and qualified. A member is eligible for reappointment. A
7 vacancy on the board of directors occurring other than by expiration of
8 term shall be filled in the same manner as the original appointment but
9 for the unexpired term only. Each member of the board before entering
10 upon his duties shall take and subscribe to an oath to perform the
11 duties of his office faithfully, impartially, and justly to the best of
12 his ability. A record of the oath shall be filed in the Office of the
13 Governor.

14 * Sec. 6. AS 23.20.526(d)(8)(A) is repealed and reenacted to read:

15 (A) as governor, lieutenant governor, as the head or
16 deputy head of a department, as the director of a division within
17 a department, as an assistant to the governor, as member of a
18 state commission or board, as a judicial officer, as a member of
19 the legislature, or as an appointed or elected municipal officer;

20 * Sec. 7. AS 24.45.021(a) is amended to read:

21 (a) This chapter shall be administered by the State Ethics Com-
22 mission established under AS 39.49.010 [ALASKA PUBLIC OFFICES COMMIS-
23 SION CREATED UNDER AS 15.13.020(a)]].

24 * Sec. 8. AS 24.45.051(1) is amended to read:

25 (1) the source of income[, AS DEFINED IN AS 39.50.200(8)]
26 and the monetary value of all payments, including but not limited to
27 salary, fees, and reimbursement of expenses, received in consideration
28 for or directly or indirectly in support of or in connection with
29 influencing legislative or administrative action, and the full name and

1 complete address of each person from whom amounts or things of value
2 have been received and the total monetary value received from each
3 person;

4 * Sec. 9. AS 24.45.171(12) is repealed and reenacted to read:

5 (12) "public official" means a member of the legislature,
6 the governor, the lieutenant governor, the head or deputy head of a
7 department, a director of a division within a department, an assistant
8 to the governor, or member of a state commission or board;

9 * Sec. 10. AS 24.45.171 is amended by adding new paragraphs to read:

10 (13) "public office" means the office held by a public offi-
11 cial;

12 (14) "source of income" means the entity for which service
13 is performed or which is the origin of payment; if the person whose
14 income is being reported is employed by another, the employer is the
15 source of the income; if the person is self-employed by means of a sole
16 proprietorship, partnership, professional corporation, or a corporation
17 in which the person or a spouse or children, or a combination of them
18 hold a controlling interest, the "source" is the client or customer of
19 the proprietorship, partnership or corporation, but if the entity which
20 is the origin of payment is not the same as the client or customer for
21 whom the service is performed, the client and the customer for whom the
22 service is performed are each considered a source;

23 * Sec. 11. AS 24.55.310 is amended to read:

24 Sec. 24.55.310. CONFLICT OF INTEREST. The ombudsman, the deputy
25 ombudsman, and their professional staff are subject to AS 39.49 [AS 39.-
26 50] (conflict of interest).

27 * Sec. 12. AS 31.05.025(a) is amended to read:

28 (a) Members and employees of the commission, except clerical and
29 secretarial staff, are subject to AS 39.49 [AS 39.50].

1 * Sec. 13. AS 37.12.065(a) is amended to read:

2 (a) Members of the board of trustees are subject to the provisions
3 of AS 39.49 [AS 39.50].

4 * Sec. 14. AS 37.13.110(a) is amended to read:

5 (a) Members of the board and the executive director are subject
6 to the provisions of AS 39.49 [AS 39.50].

7 * Sec. 15. AS 39.25.120 is amended by adding a new paragraph to read:

8 (19) the executive director and staff of the State Ethics
9 Commission;

10 * Sec. 16. AS 44.07.330(b) is amended to read:

11 (b) The executive director and members of the board of directors
12 are subject to AS 39.49 [AS 39.50].

13 * Sec. 17. AS 44.83.045(a) is amended to read:

14 (a) The directors at large must be residents and qualified voters
15 of Alaska and shall comply with the requirements of AS 39.49 [AS 39.50]
16 (conflict of interests). The directors at large shall serve four-year
17 terms. The four original directors at large have terms of one, two,
18 three, and four years, respectively.

19 * Sec. 18. AS 44.85.030 is amended to read:

20 Sec. 44.85.030. MEMBERSHIP AND VACANCIES. The bond bank author-
21 ity consists of the following five directors: The commissioner of
22 revenue, the commissioner of community and regional affairs, who shall
23 each be a director ex officio with voting privileges, and three direc-
24 tors appointed by the governor. The appointment of each director other
25 than the commissioner of revenue and the commissioner of community and
26 regional affairs is subject to confirmation by the legislature. The
27 three directors appointed by the governor serve at his pleasure for
28 four-year terms. They must be residents of the state and qualified
29 voters at the time of appointment and shall comply with the require-

1 ments of AS 39.49 [AS 39.50] (conflict of interest). The directors
2 first appointed shall have terms of two, three and four years respec-
3 tively. Each director shall hold office for the term of his appointment
4 and until his successor has been appointed and qualified. A director
5 is eligible for reappointment. A vacancy in a directorship occurring
6 other than by expiration of term shall be filled in the same manner as
7 the original appointment but for the unexpired term only. Each direc-
8 tor before entering upon his duties shall take and subscribe to an oath
9 to perform the duties of his office faithfully, impartially, and justly
10 to the best of his ability. A record of the oath shall be filed in the
11 office of the governor.

12 * Sec. 19. AS 46.12.090 is amended to read:

13 Sec. 46.12.090. CONFLICTS OF INTEREST. Members of the board are
14 subject to AS 39.49 [AS 39.50].

15 * Sec. 20. AS 15.13.020, 15.13.030, 15.13.045, 15.13.122, 15.13.125;
16 AS 24.45.141; AS 39.25.120(12); and AS 39.50 are repealed.

17 * Sec. 21. AS 39.49.400(39) is repealed July 1, 1984.

18 * Sec. 22. The governor shall appoint the members of the State Ethics
19 Commission established under AS 39.49.010(a) for terms of one, two, three,
20 four, five, six, and seven years respectively and until their successors are
21 appointed and qualify.

22 * Sec. 23. This Act takes effect July 1, 1981.