

HOUSE BILL NO. 508

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - SECOND SESSION

**BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE LEGISLATIVE BUDGET AND
AUDIT COMMITTEE**

**Introduced: 2/18/94
Referred: Judiciary, Finance**

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to disclosure of close economic associations by certain state
2 employees and to the prohibition against nepotism in the executive branch of state
3 government; and providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * Section 1. AS 39.52 is amended by adding a new section to read:

6 Sec. 39.52.155. **DISCLOSURE OF CERTAIN ASSOCIATIONS.** (a) A
7 public officer shall disclose the formation or maintenance of a close economic
8 association involving a substantial financial matter with a person who is likely to be
9 affected by official action taken or withheld by the public officer.

10 (b) For purposes of this section, a person "is likely to be affected by official
11 action" of a public officer if the person is engaged in a closely regulated field or
12 activity in a region or location that the public officer is responsible for regulating or
13 if the person is directly involved in a matter that has come before the administrative
14 unit in which the public officer is employed. The personnel board shall adopt

1 regulations that identify closely regulated fields or activities and the activities that are
2 considered closely regulated.

3 (c) A public officer shall, if it appears to be feasible and in the best interests
4 of the state, refrain from taking or withholding official action in a matter that directly
5 involves a person with whom the public officer has a close economic association. A
6 public officer who takes or withholds official action in a matter that directly involves
7 a person with whom the public officer has a close economic association shall
8 immediately disclose the matter to the public officer's designated supervisor. The
9 disclosure must describe the action taken or withheld, the association, and the way in
10 which the official action or inaction could affect the other person, unless the effect is
11 clear from other information in the disclosure.

12 (d) A designated supervisor who receives a disclosure under (c) of this section
13 shall make a written determination whether the public officer's involvement could
14 constitute a significant conflict of interest and, if so, whether it is feasible and in the
15 best interest of the state to reassign duties to avoid the public officer's potential
16 conflict of interest. The designated supervisor may direct the divestiture or removal
17 by the officer of the financial interests that give rise to the potential conflict of interest
18 if divestiture or removal is in the best interest of the state.

19 (e) A public officer shall file a disclosure required to be made because the
20 person is engaged in a closely regulated field or activity with the public officer's
21 designated supervisor within 10 working days after forming the association. A public
22 officer shall file a disclosure required to be made because a person is directly involved
23 in a matter that has come before the public officer's administrative unit with the public
24 officer's designated supervisor within five working days after becoming aware that the
25 person is directly involved in the matter. The disclosure is a public document. A
26 disclosure under this section must be sufficiently detailed so that a reader of the
27 disclosure can ascertain the nature of the association.

28 (f) In this section, "close economic association" means a financial relationship
29 that exists between a public officer and some other person, including a relationship
30 where the public officer serves as a consultant or advisor to, is a member or
31 representative of, or has a financial interest in an association, partnership, business, or

1 corporation, or a financial transaction between a public officer and another person,
2 including the purchase or sale of a significant personal or business asset.

3 * Sec. 2. AS 39.90.020 is repealed and reenacted to read:

4 Sec. 39.90.020. NEPOTISM PROHIBITED. (a) It is unlawful for a public
5 officer to hold a position as a supervisor over an immediate family member unless the
6 family member holds a position that is subject to legislative confirmation.

7 (b) In this section,

8 (1) "immediate family member" means the spouse, parent, child,
9 including a stepchild and an adopted child, sibling, and grandparent of a person and
10 includes a regular member of the person's household;

11 (2) "position as a supervisor" includes a position as immediate
12 supervisor or as a supervisor within the organizational structure, beginning with the
13 immediate supervisor and extending through the executive head of the agency or
14 department.

15 * Sec. 3. This Act takes effect July 1, 1994.