

COMMITTEE REPORT  
HOUSE

(11)

FURTHER:

Date: 4-12-84

3/27/84

The Committee on FINANCE has had HB 707

"An Act prohibiting use of grant money for lobbying; and providing for an effective date."

under consideration and recommends:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 707 (Finance)  same title  new title
- and recommends individual recommendations
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation  Zero Fiscal Note Attached
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]

[Signature]

T.H. Martin

MILLO H. FRITZ

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

Walter Funnell (No Rec)

[Signature] (No Rec)

[Signature] (No Rec)

\_\_\_\_\_

\_\_\_\_\_

[Signature]

CHAIRMAN

Original sponsor: Rules/Legislative Budget  
and Audit Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 707 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to lobbying; and providing for an  
7 effective date."

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

9 \* Section 1. AS 24.45.121(a) is amended to read:

10 (a) A [NO] lobbyist may not

11 (1) engage in any activity as a lobbyist before registering  
12 under AS 24.45.041;

13 (2) do anything with the intent of placing a public offi-  
14 cial under personal obligation to the lobbyist [HIM] or to the lobby-  
15 ist's [HIS] employer;

16 (3) intentionally deceive or attempt to deceive any public  
17 official with regard to any material fact pertinent to pending or  
18 proposed legislative or administrative action;

19 (4) cause or influence the introduction of a legislative  
20 measure for the purpose of thereafter being employed to secure its  
21 defeat;

22 (5) cause a communication to be sent to a public official  
23 in the name of any fictitious person or in the name of any real per-  
24 son, except with the consent of that person;

25 (6) accept or agree to accept any payment in any way con-  
26 tingent upon the defeat, enactment or outcome of any proposed legisla-  
27 tive or administrative action;

28 (7) serve as a member of a board, commission, or other  
29 public body of the state or of a municipality if the lobbyist's

1 employer may be economically affected by a decision of that public  
2 body.

3 \* Sec. 2. AS 37.05 is amended by adding a new section to read:

4 Sec. 37.05.320. RESTRICTION ON USE. A grant or earnings from a  
5 grant made under AS 37.05.315 - 37.05.317 may not be used for the  
6 purpose of influencing legislative action. In this section "influenc-  
7 ing legislative action" has the meaning given in AS 24.45.171.

8 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
9 10.070(c).

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: CS HB 707(FIN)  
Title: Relating to lobbying

FISCAL DETAIL

Agency Affected: ALL  
Program Category Affected: \_\_\_\_\_

Sponsor: LB&A  
Requestor: House Finance  
Date of Request: 4/5/84

BRIJ, Program or Subprogram(s) Affected: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

~~SOURCE OF FUNDS TO BE SET FORTH IN SEPARATE FISCAL NOTE~~

CS HB 707(FIN) has no fiscal impact.

ANALYSIS: Attach a separate page for analysis

Prepared By: Rep. Al Adams, Chair <sup>APA</sup> Phone: 465-3706  
Division: House Finance Committee Date: 4/5/84

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

# State of Alaska

211 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701  
907-452-3421  
907-452-3471



ROOM 500, CAPITOL BUILDING  
POUCH V.  
JUNEAU, ALASKA 99811  
907-465-4984

LEGISLATIVE BUDGET & AUDIT COMMITTEE  
REP. ROBERT BETTISWORTH, CHAIRMAN

MEMORANDUM:

TO: HOUSE FINANCE COMMITTEE

FROM: REP. BOB BETTISWORTH

DATE: APRIL 5, 1984

RE: CSHB 707 "AN ACT RELATING TO LOBBYING; AND PROVIDING FOR AN EFFECTIVE DATE."

CSHB 707 would amend AS 24.45.121 (a) to prohibit a lobbyist from serving on a board, commission or other public body of the state or of a municipality if the lobbyist's employer may be economically affected by a decision of that public body.

The bill would also prohibit grant recipients from using interest from grant funds for lobbying. Interest is often earned on grant funds between the time the funds are received and the time the funds are spent on the specific purpose indicated in the grant appropriation.

In several cases, which were revealed by our Division of Legislative Audit, grant recipients have used interest earned on grant funds for lobby efforts. Excerpts from several of these audits are attached.

Recommendation No. 4 - (To DCED)

DCED should further define the appropriate use of income generated by the interest on aquaculture association reserve accounts.

In FY'83 NSRAA paid Dawson & Associates \$13,749 for services that, in part, included lobbying the Alaska State Legislature. NSRAA's executive director said the payments were made out of the association's unrestricted income from reserve account interest.

According to 3 AAC 89.040 aquaculture associations may budget a reserve account in which they can deposit any

Fisheries Enhancement Tax appropriations they receive in excess of what they need to operate. Essentially, this provision allows them to save these funds in an interest bearing account jointly controlled by DCED and the association.

Currently, 3 AAC 89.040(c) allows interest earned by money held in the reserve account to be treated as "unrestricted income". NSRAA has interpreted this regulation to mean that interest proceeds are not subject to the standard restrictions attached to State contracts. Major standard restrictions include prohibitions against using State funds to lobby or contribute to political campaigns.

Better definition of the "unrestricted income" or more specific policy directives by DCED would help associations avoid using State funds for prohibited expenditures.

from

A SPECIAL REPORT ON THE  
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT  
DEPARTMENT OF FISH AND GAME  
AND NORTHERN SOUTHEAST REGIONAL AQUACULTURE ASSOCIATION

September 30, 1983

Audit Control Number

08-11-4176-83-S

Recommendation No. 3

CDVSA should develop a policy to advise grantees on the appropriate disposition of income generated by the investment of State grant funds.

Three of the grantees visited in the course of the audit were able to generate adequate cash flow to allow investment of CDVSA grant proceeds prior to their expenditure. In each case, the grantee retained whatever income was generated by these investments for use on non-grant activities.

It is a prudent act on the part of the grantee to invest excess cash until it is needed. However, CDVSA should adopt a policy which specifies that grantees use investment proceeds only for activities that are within the purview of the original grant conditions.

With the current lack of policy, it is possible that income generated by State fund investment could be used to make contributions for political causes or to pay for lobbying expenses. Development of such a policy would help grantees avoid suggestions that they are using State funds for prohibited expenditures.

from

A SPECIAL REVIEW OF THE  
DEPARTMENT OF PUBLIC SAFETY  
COUNCIL ON DOMESTIC VIOLENCE  
AND SEXUAL ASSAULT

March 31, 1982

Audit Control Number

12-092-0066-S

AUDITOR'S NOTE

AS 37.05.315 requires DOA to advance twenty percent of a municipal grant to a municipality within ten days after execution of a grant agreement. Interest earned on those monies not needed for cash flow purposes are often expended for purposes other than as specified in the grants. The law is silent on whether interest earned on grant monies should be spent only for projects specified by grant agreements.

*from*

A SPECIAL REPORT ON THE  
DEPARTMENT OF ADMINISTRATION  
CITY OF VALDEZ MUNICIPAL GRANT

For the Period  
August 4, 1980 - December 16, 1982

Audit Control Number

02-4154-83-S

## SPECIAL PROJECTS - A PREVENTION ACTIVITY

One of the grantees funded by SOADA to promote preventative measures discussed in the previous section is the Alaska Council on the Prevention of Alcoholism and Drug Abuse (ACPADA).

With FY'82 State grants totaling \$1,214,000, ACPADA has initiated projects aimed at all three points of the PHM. One project of ACPADA is the Special Projects program which promotes social policy aimed at reducing the availability of liquor (the agent as discussed in SOADA Operating Philosophy and Approach section). The intent of the Special Projects program is to advocate what is termed community moderation measures such as the promotion of ballot measures to reduce bar hours, which have been voted on recently in several of Alaska's larger communities.

This Special Projects program has been initiated and implemented by Howard Scaman, an independent contractor to ACPADA. Mr. Scaman provides organizational expertise and technical assistance to community organizations promoting the restriction of alcohol availability. As a recipient of SOADA funding, he has been quite active in the larger communities of the State promoting the shortening of bar hours and other moderation measures. To some, this has been interpreted as State-assisted interference in local matters. However, under the agency's interpretation of its statute and the State Supreme Court's decision, SOADA feels that this is a mandated, logical, and necessary function (As discussed in the previous section).

Mr. Scaman is also a leading member of the Alcohol and Drug Abuse Association of Alaska (ADAAA). This organization is an association open to membership for all individuals in the alcoholism and drug abuse field. Dues are set at \$10.00 per year, and SOADA has authorized the payment of these dues for grantee employees with State grant funds. The ADAAA has also established a Political Action Committee (PAC) which is funded entirely with donations from individuals. Through this PAC, Howard Scaman was listed as a non-compensated representational lobbyist for ADAAA in FY'82.

In our review we found Mr. Scaman was well aware of the ramifications of using State funds for lobbying activities, and has gone to great lengths to properly separate and document that separation of State-supported ADAAA funds from donated PAC funds.

from Special Performance Report  
on SOADA  
July 1981 - December 1982

SILVER ANNIVERSARY COMMISSION  
ALASKA 1984  
EXPENDITURES REPORTED UNDER \$200,000 CONTRACT WITH  
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

<u>Vendor/Payee</u>	<u>Date</u>	<u>Amount</u>	<u>Description and Comments</u>
<u>Travel, Hotel and Promotion (cont'd)</u>			
Professional Travel Service	06/16/81	\$ 286.00	Anc/Jnu/Anc Clark Gruening
Professional Travel Service	06/01/81	125.00	Charter flight--prepayment
Professional Travel Service	06/15/81	286.00	Anc/Jnu/Anc Dick Angell
Sheraton-Anchorage	10/09/81	19,341.98	Rooms for preview guests and presentation room
Rust's Flying Service	10/06/81	2,130.00	Statement--May-June 1981
Captain Cook Hotel	10/06/81	1,626.31	Various room charges, 02/05/81-06/07/81
Richard Angell (Note 1)	10/06/81	250.00	Travel advance to AVA Conference
<u>Total Travel, Hotel and Promotion Submitted</u>		50,996.99	
		(17,141.45)	Unpaid Travel Invoices (Note 2)
<u>Expenditures Claimed by Alaska 1984</u>		\$ 33,855.54	
<u>Contractual Services</u>			
Sam Kito Jr. & Associates	10/12/81	\$ 46,498.07	Payment per Contract <i>at one time the Alaska '84 contract said service was</i>
Murray/Bradley, Inc.	10/06/81	25,672.11	Advertising services--May-June 1981 <i>100%</i>
Terry McWilliams	10/02/81	10,000.00	Coordination and development of State wide task forces--December 1980-March 1981
W. Saunders & Gruening	10/09/81	4,093.84	Consultant fee and expenses
	10/06/81	2,500.00	Consultant--Professional S...
<u>actual</u>		\$ 88,764.00	

*from*

Members of the  
Legislative Budget and Audit Committee:

Re: Silver Anniversary Commission and Alaska 1984

This letter report, Auditor's Opinion, and the attached schedules constitute our special review of the Silver Anniversary Commission and Alaska 1984.

Introduced: 3/27/84  
Referred: Finance

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

1 IN THE HOUSE

2

HOUSE BILL NO. 707

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act prohibiting use of grant money for lobbying;

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and providing for an effective date."

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

9

\* Section 1. AS 37.05 is amended by adding a new section to read:

10

Sec. 37.05.320. RESTRICTION ON USE OF EARNINGS. Earnings from a

11

grant made under AS 37.05.315 - 37.05.325 may not be used for the

12

purpose of influencing legislative action. For purposes of this sec-

13

tion "influencing legislative action" has the meaning given in AS 24.-

14

45.171.

15

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.-

16

10.070(c).