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HOUSE COMMITTEE REPORT

3/29

(7)

Date Referred: March 19, 1990

FURTHER REFERRALS:

JUDICIARY

Date of Committee Action: _____

The STATE AFFAIRS Committee considered:

HB 434

HOUSE BILL NO. 434

WORK RESTRICTIONS/CERTAIN STATE EMPLOYEES

"An Act establishing certain restrictions on certain state employees before, during, and after state service."

RECOMMENDATIONS:

- be replaced with CS HB 434 (2nd) the same title
- have attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s): (Dept) APPROVES PREVIOUS: (Date/Dept)

- fiscal impact _____ fiscal note(s) _____
- zero fiscal note _____ zero fiscal note(s) 3/19/90 - CED
- zero with analysis _____ zero fn/analysis _____

SIGNING DO PASS:

SIGNING: (Check approp. column)

Do Not Pass No Rec Amend

<u>David Finkelstein</u>	FINKELSTEIN	<u>Jim Zawacki</u>	ZAWACKI	<input checked="" type="checkbox"/>	
<u>David Donley</u>	DONLEY	<u>Wayne Hanley</u>	HANLEY	<input checked="" type="checkbox"/>	
<u>D. A. Boucher</u>	BOUCHER				

D. A. Boucher
Chairman's Signature

HOUSE COMMITTEE REPORT

3/19

(7)

Date Referred: January 22, 1990

FURTHER REFERRALS: STATE AFFAIRS
JUDICIARY

Date of Committee Action: 3/06/90

The LABOR & COMMERCE Committee considered:

HB 434

HOUSE BILL NO. 434

WORK RESTRICTIONS/CERTAIN STATE EMPLOYEES

"An Act establishing certain restrictions on certain state employees before, during, and after state service."

RECOMMENDATIONS:

- be replaced with CSHB 434 (L+C) the same title
- have attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s): (Dept) APPROVES PREVIOUS: (Date/Dept)

- fiscal impact _____ fiscal note(s) _____
- zero fiscal note L+C+D zero fiscal note(s) _____
- zero with analysis _____ zero fn/analysis _____

SIGNING DO PASS:

SIGNING: (Check approp. column)

Do Not Pass No Rec Amend

SIGNING DO PASS	SIGNING	Do Not Pass	No Rec	Amend
<u>Mark Boyer</u> Boyer	<u>Wren A. Leman</u> Leman			<input checked="" type="checkbox"/>
<u>Paul Finkelstein</u> Finkelstein				
<u>Robert J. Boucher</u> Boucher				
<u>Michael Greenberg</u> Greenberg				
<u>Dave Donley</u> Donley				

Dave Donley
Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Establishing certain restric-
tions . . . certain state employees
 Sponsor: House Labor & Commerce
 Requestor: House Labor & Commerce

Agency Affected: Commerce & Economic Dev.
 BRU: Insurance
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) No fiscal impact for FY 90.

Prepared by: David J. Walsh, Director
 Division: Insurance

Phone: 465-2515
 Date: 3/7/90

Approved by Commissioner: Larry Mercurieff *SM*
 Agency: Department of Commerce & Economic Development

Date: 3/7/90

Distribution (by preparer):

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

Department of Commerce & Economic Development / POSITION PAPER

HB 434: "An Act establishing certain restrictions on certain state employees before, during and after state service."

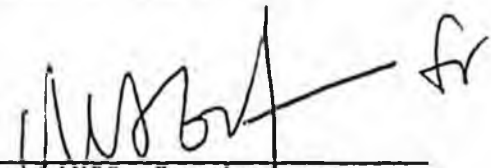
This department supports Section 1 of HB 434, if amended. The bill prohibits the Director of Insurance from holding equity ownership in an insurance company for one year before or after his or her tenure as Director. This appears to address the concern that the position not be subject to unreasonable influence or conflicts of interest potentially related to such holdings. It also addresses the "revolving door" concern.

While not covered by the proposal, similar concerns also exist for insurance agents, insurance brokers, insurance adjusters, insurance lobbyists, and attorneys with a significant insurance related practice.

An exception should be allowed for investments over which the Director has no exercise of control. Examples of this include IRA funds invested in a mutual fund which may contain insurance stock in its portfolio, or the PERS funds which could also contain such investments. To resolve this concern, we would recommend the addition of a new subsection on page 1, following line 21, to read:

"(d) As used in this section, 'stock or other equity interest' does not include investments over which the Director or Acting Director has no exercise of control."

The department takes no position on the remainder of the bill.



Larry Merckleff, Commissioner
Date: 2/2/90

LM/LW/dg16235D
2290b

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Establishing certain restric-
tions . . . certain state employees
 Sponsor: House Labor & Commerce
 Requestor: House Labor & Commerce

Agency Affected: Commerce & Economic Dev.
 BRU: Insurance
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) No fiscal impact for FY 90.

Prepared by: David J. Walsh, Director
 Division: Insurance

Phone: 465-2515
 Date: 3/7/90

Approved by Commissioner: Larry Mercurieff *SM*
 Agency: Department of Commerce & Economic Development

Date: 7/7/90

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

HB434
Item 5



Alaska Court System
State of Alaska

OFFICE OF ADMINISTRATIVE DIRECTOR

JANALEE R. STRANDBERG
Staff Counsel

303 K Street
Anchorage, AK 99501
(907) 264-8228

February 6, 1990

House Labor & Commerce Committee
Alaska State Legislature
P. O. Box Y
Juneau, AK 99811

Attn: Chairman Dave Donley

Re: HB 434 "An Act establishing certain restrictions on certain state employees before, during, and after state service."

Dear Mr. Donley:

Although the court system agrees with the restrictions on employment for state employees set forth in Sec. 39.90.030 of this bill, the court system would prefer to restrict judicial branch employees' employment by court rule. Because the judicial branch has its own personnel rules that restrict the outside employment of current employees, enactment of Sec. 39.90.030 by court rule would enable the supreme court to maintain consistency in its personnel rules.

Thank you for this opportunity to comment on HB 434. Please call me if I can answer questions about the court system's position.

Sincerely,


Jan Strandberg
Staff Counsel

JS:gb

cc: Representative Gruenberg
Representative Boucher
Representative Boyer
Representative Spohnholz

HB434

BOYKO, BREEZE & FLANSBURG
LAW OFFICES

EDGAR PAUL BOYKO
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RONALD D. FLANSBURG
ROBERT L. BRECKENRIG

OF COUNSEL:
JOHN W. BREEZE
MIGUEL EIRO
JON P. JOSEPHSON
J. JOO SHIN, PH.D.

FAX COVER SHEET

FOR: Linger
FIRM: Donnelly's office
FAX NO: (463) 5661
FROM: Judi
FIRM: BOYKO, BREEZE & FLANSBURG
FAX NO: (907) 279-8944
DATE: 1-25-90
3 PAGES TO FOLLOW
TITLE: _____

IF ANY PAGES ARE NOT RECEIVED, PLEASE CALL

(907) 279-1000

SPECIAL INSTRUCTIONS:

HOUSE BILL NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act establishing certain restrictions
on certain state employees before, during,
and after state service."

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

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

Sec. 39.52.175. RESTRICTIONS ON INSURANCE DIRECTOR.

(a) A person may not hold the position of director of the division of insurance in the Department of Commerce and Economic Development if at any time during the preceding year the person has owned stock or other equity interest in an insurer.

(b) While holding the position, the director of the division of insurance may not own stock or other equity interest in an insurer.

(c) For one year after leaving the position a former director of the division of insurance may not own stock or other equity interest in an insurer.

* Sec. 2. AS 39.90 is amended by adding a new section to read:

Sec. 39.90.030. RESTRICTION ON EMPLOYMENT AND CONTRACTS AFTER LEAVING STATE SERVICE. (a) In addition to any other provision of law, for ~~one~~ TWO years after leaving state service, a

public officer may not be employed by or work under contract for a person OR ENTITY who was awarded a contract with the state during the officer's state service, if the public officer was directly PERSONALLY AND SUBSTANTIALLY involved in the state's procurement procedures that resulted in OR CONTRIBUTED TO THE AWARD OF the contract. In this subsection, "public officer" means

(1) an employee of a state agency; in this paragraph "state agency" means a department, institution, board, commission, division, authority, public corporation, or other administrative unit of the executive, legislative, or judicial branch, and includes the University of Alaska and the Alaska State Housing Authority;

(2) a legislator; and

(3) a member of a state board or commission.

(b) A person who violates this section is subject to a civil penalty not to exceed \$5,000 for each violation. A penalty imposed under this section is in addition to and not instead of other penalties that may be imposed according to law, including criminal penalties.

(c) A violation of this section is a Class A misdemeanor.

* Sec. 3. APPLICATION. (a) AS 39.52.175(a), as enacted by sec. 1 of this Act, applied to a person who assumes the position of director of the division of insurance on or after the effective date of this Act.

(b) AS 39.52.175(c), as enacted by sec. 1 of this Act, applied to a person who leaves the position of director of the division of insurance on or after the effective date of this Act.

(c) AS 39.90.030, as enacted by sec. 2 of this Act, applies to public officers who leave state service on or after the effective date of this Act.

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892



September 26, 1989

Jim Jordan, Acting Director
Division of Insurance - DCED
3601 C Street, Suite 722
Anchorage, Alaska 99503

Dear Mr. Jordan:

As per your conversation with Ginger Baim last week, enclosed is material and draft legislation on various insurance issues from Robert Hunter at the National Insurance Consumer Organization (NICO).

The House Labor and Commerce Committee will consider introduction of some of the suggested legislation and I'd like your response and comments as to whether they are workable and appropriate for Alaska. Specific legislation we will likely pursue includes:

1. Disclosure - I've requested a draft bill mandating insurer disclosure as described in pages 6 and 7 of the enclosed material. What information would the Division have if these disclosure statutes were enacted that we do not have now? Do you have any suggestions that would make these reporting requirements easier for insurers to comply with and easier for the Division to assimilate? Do you believe that the additional information will be useful enough to justify the increased paperwork requirements on both the insurers and the Division?
2. Require experience rating - I'd appreciate your specific suggestions as to how legislation mandating that all professional and commercial risks in Alaska be experience rated should be drafted.
3. Require risk management - It seems both appropriate and necessary that we require insurance purchasers and self insureds to set up risk management programs. Can you shed some light on the reasons why Alaska statutes don't already mandate risk management programs and how we can go about drafting legislation to accomplish it?
4. Allocation of medical malpractice costs - I'm particularly interested in legislation that would limit the number of "categories" insurance companies can set for physicians licensed in the state for the purposes of setting malpractice insurance rates to no more than four (see enclosed exhibit M1). What, if any, pitfalls do you see in this approach?
5. Closing the "revolving door" - I've requested draft legislation addressing the "revolving door" issue for all state employees with

specific language that would prohibit the director of the Division of Insurance from holding any stock or equity ownership in an insurance company for one year before and after employment with the state. Comments please?

Your immediate review of the enclosed material and response to this inquiry is needed in order to have legislation drafted and ready to go for Committee consideration early in the session. I have requested Legislative Legal Services to prepare draft legislation on the above issues after further consultation with you and your staff.

In addition, and at your leisure (ha!), I'd like your comments and suggestions on the following issues: permitting banks to act as insurers, establishing interstate insurance compacts, any amendments to existing statutes that may be needed to protect consumers from arbitrary cancellations, establishing JUA's, and prohibiting the "pass through" of lobbying and other non-appropriate expenses.

Thanks for your attention to this request. I look forward to your earliest response.

Sincerely,

Representative Dave Donley, Chair
House Labor and Commerce Committee

PS: Welcome aboard!

Enclosure

dd/gbi89
c/jordan

STEVE COWPER, GOVERNOR

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

DIVISION OF INSURANCE

7th FLOOR FRONTIER BLDG.
3601 C STREET, SUITE 740
ANCHORAGE, ALASKA 99503-5934
PHONE: (907) 562-3626

November 22, 1989

Honorable Dave Donley
Chair, House Labor and Commerce Committee
State of Alaska
House of Representation
P. O. Box Y
Juneau, AK 99811

Dear Representative Donley:

This letter is to respond to your letter dated September 26, 1989 in which you requested my comments on a number of topics for which legislation is being contemplated. I will respond to those topics as identified in your letter.

1. Disclosure

The need for more and better data is well recognized by all. The data collected needs to be "fit" to the particular purpose for which it is collected. Those purposes include insurer solvency analysis, rate approval/disapproval, market conduct (eg - unfair claim settlement practices enforcement, availability and affordability analysis, and analysis of the expected outcomes related to legislative proposals).

Generally, the information developed by the disclosure proposed by the National Insurance Consumer Organization (NICO) will not provide meaningful information to the Division of Insurance nor to the Legislature on a macro economic scale. The basic reasons for this relate to the statistical credibility of the data. We could not practically require that the surplus lines insurers report such data (Alaska has significant amount of coverage categorized by NICO as "other liability" placed in this marketplace). Additionally, large self-insurers (eg. State of Alaska, Municipality of Anchorage) would not have its data in this data base. Finally, due to the small size of our population relative to the United States as a whole, the frequency of loss will be low, and with the dollar amounts of claims being subject to a great degree of variance, the data will be statistically questionable.

Certain items identified on pages 6 and 7 of the material included with your letter would be informative and useful. Specifically items 2, 3, 4, 6, 7, 9 and 10 would be informative. However, those items would only be of use if collected nationally by all states. The appropriate mechanism for accomplishing the collection of this data would be through amendments to the annual financial statement format as developed by the National Association of Insurance Commissioners (NAIC). (Alaska Statute 21.09.200 requires the filing with the Division of an annual financial statement by all licensed insurers in a format in current use generally throughout the various states. The format accepted in Alaska has generally been that adopted by the NAIC.) Attached as Exhibit 1 is a recent letter (and attachments) from NAIC president, David Gates (Nevada's Insurance Commissioner) to National Association of Attorney General (NAAG). This letter responded to NAAG's suggested data reporting recommendations. As you can see this is a detailed analysis involving the data collection spectrum which includes comment on items similar to those in NICO's recommendation. Exhibit 1 also identifies the information that is currently available to the Division. Data submission on a nationally uniform basis is imperative. Otherwise, comparisons with other jurisdictions would be difficult, if not impossible; and the cost implications to the insurers (and ultimately to the insurance consumer) and to the division would provide for adverse consequences. Such adverse consequences would embrace the willingness of insurers to participate in Alaska's insurance marketplace and for the Division to conduct meaningful analysis with limited and, in some instances, absent resources.

Therefore, I would suggest that we work toward adopting the various NAIC model laws and regulations pertaining to the various data collection and reporting schemes in conjunction with the various states. Furthermore, I would suggest that periodic closed claim studies be performed with the data elements being specifically tailored to the line, class, and subclass of coverage. Problem classes or subclasses could be targeted for such studies. The data would come from the information collected by the Division appointed examiners and therefore would also be audited data as contrasted to data coming from required submissions from insurers which would need to be audited to assure that the information is valid. Such studies would help to target problem areas and would provide the basis for analysis of any proposed legislative changes (eg - worker's compensation benefit configuration or various "tort reforms"). Such studies would need to be performed as a contractual basis due to limited Division staff resources.

As the insurance industry either abandons or is forced out of the advisory rate system, each insurer must develop its own rates. Each licensed insurer subject to our prior approval rate law (AS 21.39) will have to support its rates in terms of its loss experience, profit margins, and expenses. The NAIC is currently considering a new model rating law which I expect to be adopted in December of this year. Attached as Exhibit 2 is the most current version of the proposed model. If enacted by Alaska, this law would provide for the meaningful disclosure of data necessary for appropriate regulatory rate analysis. However, the Division will need sufficient resources to appropriately analyze this data such as actuaries and other rate analysts. The Insurance Services Office (ISO) as of January 1, 1990, voluntarily, will no longer file fully developed rates for its member and subscriber insurance companies. It will file only aggregated loss data and each member and subscriber insurer will need to file its own fully developed rates including its own margins for expenses, profit margins, and justification for its own

loss experience being reflective or not reflective of the aggregated loss experience filed by ISO. The impact in the number of rate filings requiring detailed review by the Division is dramatic. The number of rate filings received currently is approximately 50 and has been estimated to increase to as many as 2,000 per year. I believe this serves to underscore the need for additional Division staff in the form of a qualified actuary and rate analysts.

The examinations done of NCCI and the leading Alaska writers of automobile and homeowner's coverage are completed. I am currently awaiting the examination reports (other than for NCCI which has been delivered and is expected to become a public document in early December). These examinations will, I believe, provide direction concerning these areas in which enhanced data collection efforts are needed.

The following are comments concerning specific items found on pages 6 and 7 of the NICO report.

Item 1. A practical concern is expressed at the ability to determine what portion of a claim pay-out pertains to "economic damages", particularly non verdict directed claim payments involving prospective damages (eg. future wage loss or future medical care). Such determinations tend to be very subjective and based, no doubt, on guesswork related to what a jury would award. Analytical extrapolation of underlying data based on subjective determinations would be suspect.

Item 5. Investment income is developed on the aggregated invested assets of an insurer. An allocation of that investment income to a specific claim would be arbitrary and not very meaningful. (Of interest to note is that the Alaska's proscribed pre-judgment interest rate has in the last few years exceeded the rate of interest which can be generated by an insurer through prudent investments.)

Item 8. An allocation of unallocated loss adjustment expenses (which are expenses pertaining to the general overhead associated with the adjudication all claims) by claim or claim classification would be arbitrary and would be of limited value. Different insurers would not necessarily allocate these expenses in a like manner which would limit the use of this data for comparative purposes.

Item 11. This item in its current form would be moot based on the passage of Initiative #2 last year.

2. Require Experience Ratings

The generic term, "scheduled rating plan," refers to rating mechanisms that adjust the rates for a specific insured's risk characteristics. Experience is but one of several significant elements in scheduled rating plans and can be utilized in scheduled rating plans on either a prospective or retrospective basis. In other words, good past loss experience may provide for a lower rate for a future period of time if it is predictive of future loss experience; and can provide for a retrospective rate credit or dividend if loss experience is

good and is statistically credible. Therefore, this element of scheduled rating is primarily applied by most insurers to the large commercial insureds and Alaska is no exception in this respect.

(Other elements that can provide for rate credits are risk management, and loss prevention programs.)

It is my belief that many professionals and small businesses pay a set rate without consideration of these individual characteristics. I believe this is primarily due to the small size and diversity of the typical Alaskan business, and that statistically credible loss data is not generated in Alaska. I would surmise that insurers generally feel it is not cost effective to develop rating plans that would be able to appropriately "Alaskanize" credible data from other states to form a basis to develop sophisticated scheduled rating plans for Alaska's small businesses. (Lack of appropriate, uniform existing data may also serve as an impediment.)

I would be reluctant to limit any requirement for scheduled rating plans to be limited only to one element based on claim free experience or relatively low loss experience based upon the above. It is not likely that small businesses would be entirely claim free. Additionally, physicians, like other professionals in Alaska, are relatively few in number and the circumstances of their practice vary significantly based upon the locale of the practice. This may result in unintended adverse impacts such as, in the absence of mandatory insurance coverage, increases in the number of uninsured professionals resulting in increased difficulty for an injured person to receive appropriate compensation. Those physicians located in small communities who provide a broad range of medical services would be most likely to be penalized by such a system due to the inherent increased risk (eg. providing care which in larger cities would be provided by a specialist who creates the standard of care).

An alternative would be to mandate well documented scheduled rating plans. Risk management and loss elements being more significant elements than individual loss experience for the smaller risk. The Division would need to expand its market conduct examination activities to ensure that the application of such scheduled rating plans are being applied in an appropriate manner and are not unfairly discriminatory in their application. (Michigan, for example, allows scheduled rating plans for worker's compensation but establishes a rebuttable presumption that all such plans are unfairly discriminatory in their application.)

3. Require Risk Management

"Risk Management" is a developing profession and discipline. Attached as Exhibit 3 is a copy of "The Risk Management Audit" written by H. Felix Kloman, Principal and Vice President, Tillinghast, Nelson and Warren. Kloman outlines the risk management process as one that involves risk assessment, risk financing, and risk control. The process outlined, by Kloman is the classic risk management process which is time consuming, complex, and expensive--but potentially very rewarding to the client that undertakes the effort. It is only the large client that is able to utilize such a process on an economically feasible basis.

It is not practical to require that all insureds and self-insurers undertake risk management programs. Insufficient resources exist in Alaska to provide risk management services to Alaska's approximately 30,000 employers. According to testimony received at the Division's recent public hearing in regards to work place safety programs approximately 12 qualified in-state people and 6 out-of-state people are available to provide such services (and perhaps a "few" non-insurance professionals). Additionally, testimony indicated no established college curriculum exists in Alaska's universities pertaining to risk management and that the Pacific Northwest provides college degree programs graduating only 30 to 40 persons per year. Large insureds generally are able to secure risk management services. So, the problem primarily rests with Alaska's small enterprises and I believe we need to find a way to make risk management services available to them. (See Exhibits 4 and 5 for additional current articles pertaining to this subject.)

One possible alternative would be to utilize the expertise of Alaska's Department of Labor personnel to provide loss control/safety services on a fee basis. However, I would suspect that Alaska's businesses would not be receptive as the Department of Labor also is an enforcement agency -- "the fox in the henhouse".

Another possibility would be to require that all insurers be required to identify a separate element in their rate filings for risk management and loss control and require that such increment of the premium actually be spent to provide those services. Incentives could be provided such as allowing insurers to deduct from premiums the funds spent on loss control for purposes of premium tax computation. However, testimony received at the Division's public hearings on work place safety programs indicated that some insurers were curtailing their loss control and safety inspection efforts as the result of the Van Biene decision which is attached as Exhibit 6.

4. Allocation of Medical Malpractice Costs

You asked what pitfalls I see in the approach of limiting the number of rating "categories" to no more than four. I would expect, first of all, that those physicians whose premiums increase to protest loudly. Additionally, those physicians with increased premiums may be more inclined to go uninsured. It is also possible that physicians, who currently refer patients to specialists, would perform more of the services currently provided by the specialists. This is predicted on that physicians are allowed, by licensure, to perform medical care in all aspects and levels; and if a physician perceives that he or she is paying for the risk associated with the services provided by a specialist why not perform the service as long as he or she is paying premium for that risk anyway. (Under existing law AS 21.36.090(b) would provide a basis for a physician subsidizing other physicians to allege unfairly discriminatory treatment.)

Technically speaking, the rate categories should be such that they include all insureds with like risk characteristics. Limiting rating categories may be a way to accomplish other socially desirable objectives--such as to encourage specialists to practice in Alaska and in rural settings. However, I am wary that such a limitation would provide enough incentive to bring a sufficient number of specialists to rural Alaska. Other incentives may be more effective, such as a program to pay-off medical school debt in return for a certain number of years of practice in a rural setting.

5. Closing the "Revolving Door"

I personally have no problem with a prohibition of a director of the Division of Insurance from holding any stock or equity ownership in an insurance company for one year before or after employment with the state. However, I believe "safe harbor" provisions need to be considered in certain circumstances. For example, I personally have my IRA funds invested in a mutual fund which may or may not contain, in its portfolio, the stock of insurers. I exercise no direct control over the portfolio mix of investments and don't feel that I should be subject to some penalty for a mutual fund containing some insurance stock. Also, the PERS funds could be partially invested in insurance company stock. Again, a situation that neither I nor any future director would have control over.

I look forward to working with you on the above complex and in some instances inter-related issues. Frankly I've not been able to avail myself or my staff of the leisure time to seriously consider the other issues mentioned in your letter. However, briefly though not thoroughly considered:

Allow Banks to act as insurers--not a good idea, impossible to eliminate tying.

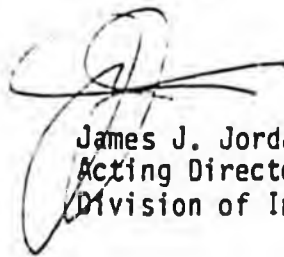
Interstate Insurance Compacts -- possible but difficult as states fight for insuring capacity to be expended in their own jurisdiction

Consumer Protection, Arbitrary Cancellations -- no current suggestions

Establishing JUA's -- no current suggestions or comments; but see Exhibit 7 for information on worker's compensation state funds; and

Prohibiting "Pass Through" of lobbying and other non-appropriate expenses -- we may have the authority currently to prevent such practices for those types of insurance for which rate filings are required.

Sincerely,



James J. Jordan
Acting Director
Division of Insurance

JJ/sh
2509

Backup Information
AVAILABLE IN HOUSE
Labor + Commerce
Committee Files
561-7629

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 13, 1990

SUBJECT: Vagueness of language underlying criminal provision (draft CSHB 434 (L&C))

TO: Representative Dave Donley
Chair, Labor & Commerce Committee

FROM: Theresa L. Bannister *TB*
Legislative Counsel

This memo accompanies the draft that you requested of a Labor and Commerce committee substitute for HB 434.

Please be aware that the addition of a criminal penalty to sec. 3 of the draft subjects the section to stricter scrutiny. Under this scrutiny the description of the prohibited activity may be considered vague and may not survive constitutional scrutiny under the due process provisions of the federal and state constitutions. The problem is that the conduct to be prohibited is not determined by sufficiently specific standards. The average state employee may not have adequate notice of when the employee is prohibited from working for a person after leaving state service. The use of indefinite words like "directly" and "substantially", and indefinite phrases such as "that resulted in or contributed to the award of the contract" create a vagueness in the prohibition. Vagueness would also give government officials too much discretion in the enforcement of the provision, which could result in uneven and discriminatory enforcement.

If you want to retain the criminal provision, I suggest reworking the language so as to be very specific.

If I may be of further assistance, please advise.

TLB:pl
WKP2/038

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892



November 13, 1989

M E M O R A N D U M

To: Gordon Harrison, Director
Legislative Research Agency

From: Representative Dave Donley, Chair
House Labor and Commerce Committee

Re: Research request - "Revolving door" legislation

The House Labor and Commerce Committee will be considering draft legislation dealing with the conditions under which a public employee can return to private sector work ("revolving door legislation") during a public hearing on Tuesday, November 28, 1989.

I am writing to request a Legislative Research report on other state and federal legislation concerning restrictions or conditions on public employee reemployment in the private sector including:

1. Employment with a private business by a former public employee who may have been involved with a public procurement awarded to the private business.
2. Employment with a private business where a former public employee had regulatory responsibility while serving as a public employee or may have been privy to information not generally available to the public that would be of personal monetary benefit to the employee or company for which they work.
3. Offers or acceptance of offers of private employment while a public employee.
4. Any restrictions or conditions on private employment before entering public employment. (i.e. prohibiting the Insurance Commissioner from having an ownership interest in an insurance company for one year prior to appointment as a Commissioner).

Your report should include a review of any existing state laws or regulations concerning this issue. A review of federal law regarding employment of former military personnel may be useful. In addition, the NCSL may have this information readily available.

I'll need this report by November 22 in order to include it with committee files so that members will have time to review the information prior to our hearing. Please call Ginger Baim at 561-7629 if you have any questions or need additional information.

STATE OF ALASKA
THE LEGISLATURE

FOURTH STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

August 29, 1989

SUBJECT: Bill restricting employment and contracts after
leaving state service (Work Order No. 6-1584)

TO: Representative Dave Donley

FROM: Theresa L. Bannister *TB*
Legislative Counsel

This memo accompanies the bill that you requested to restrict the employment and contracts of public officers after they leave state service. Please note the following:

1. the restriction covers contracts as well as employment; otherwise a contractual arrangement might be used to circumvent the restriction;
2. the restriction will have little practical effect unless there is a penalty; you may wish to consider imposing a criminal penalty or a civil penalty; AS 39.52.410 - 39.52.460 contain the penalty provisions for the present restrictions on post-service employment in the executive branch (AS 39.52.180); I do not believe that those penalty provisions are particularly good ones, but they will show you what has been done in the past in this area;
3. the definition of state agency includes the University of Alaska and public corporations; however, if you want it to include the Alaska Railroad Corporation or the Alaska State Housing Authority, they should be listed in the definition;
4. I have added a transition section (sec. 2) to clarify which public officers this restriction applies to.

If you have questions about the provisions I have added or about the penalty section for the bill, or if you wish to make changes, please advise.

TB:mi
wkmi4/077
Enclosure



NATIONAL INSURANCE
CONSUMER ORGANIZATION

How To

Tame the Insurance Industry Cycle

and

Make the Legal System More Efficient:

A Suggested Legislative Agenda for 1987

by

J. Robert Hunter, President
and
Jay Angoff, Counsel
National Insurance Consumer
Organization

Presented at the Annual
Meeting of the National
Conference of State
Legislatures
New Orleans, Louisiana
August 8, 1986

121 N. Payne Street
Alexandria, Virginia 22314
(703) 549-8050

them to independently recommend the appropriate level of insurance rates."

The states should pass legislation requiring insurance departments to have on staff a specified number of actuaries auditors, investigators and other professionals, and appropriating adequate funding for such positions.

5. Close the "revolving door"

While some insurance commissioners are dedicated to the public interest and do yeoman work with limited resources, others lack the will to stand up to the insurance industry. For example, the GAO study found that most regulators do not have an "arms-length relationship" with the industry, and that about half of all insurance regulators come from and return to the insurance industry.

Clearly, prior experience in the insurance industry yields expertise helpful in regulating the industry. Conversely, one can learn much about the industry from regulating it, and can use that knowledge productively within the industry after leaving the insurance department.

Yet regulators must always hold uppermost the broad public interest, not the narrow, albeit legitimate, private interests of insurance companies, and an insurance commissioner must never allow his vigilance in guarding the public interest to be compromised by his looking toward a future job within the industry. Therefore, to eliminate the appearance of any conflict of interest, states should pass

legislation that would require state insurance commissioners to wait five years before going to work for any company they had regulated.

States should also seriously consider as candidates for insurance commissioner qualified individuals who have not worked in the insurance industry.

A bill that has gathered substantial support in Congress in the wake of the Michael Deaver scandal, which can be adapted to apply to state insurance commissioners and the insurance industry, is attached as Exhibit K.

6. Establish an Office of Insurance Consumer Advocate

Perhaps because insurance is such an arcane and seemingly boring issue, the consumer is rarely if ever represented in insurance rate hearings. This lack of consumer presence is compounded by the lack of an "arms-length relationship", as the GAO study put it, between the insurance industry and insurance regulators.

An insurance consumer advocate would represent the consumer point of view at rate hearings and ensure that the insurance department does not rubber stamp insurance company rate requests. An insurance consumer advocate might also cause insurance companies to moderate their requests for rate increases. A handful of states (South Carolina, Maine, Oklahoma and New Jersey) have already established such offices. New Jersey's is particularly effective: the cost of the consumer advocate's intervening is billed back to the insurance company seeking the rate increase, thus creating an

99TH CONGRESS
2D SESSION

H. R. 5097

To amend chapter 11 of title 18, United States Code, to prohibit the President, the Vice President, certain other former Federal civilian and military personnel, and Members of Congress from representing or advising certain foreign entities for a period of 4 years after leaving Government service, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 26, 1986

Mr. GLICKMAN (for himself, Mr. WOLPE, Ms. KAPTUR, Mr. FRANK, Mrs. SCHROEDER, and Mr. FISH) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend chapter 11 of title 18, United States Code, to prohibit the President, the Vice President, certain other former Federal civilian and military personnel, and Members of Congress from representing or advising certain foreign entities for a period of 4 years after leaving Government service, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the "Foreign Representation
5 Restrictions Act of 1986".

1 SEC. 2. LIMITATIONS ON REPRESENTING OR ADVISING CER-
2 TAIN FOREIGN ENTITIES.

3 (a) IN GENERAL.—Chapter 11 of title 18, United
4 States Code, is amended by inserting after section 207 the
5 following new section:

6 "§ 207a. Limitation on the representation or advising of
7 certain foreign entities by certain former
8 Federal officers and employees and members
9 of the uniformed services

10 "(a) Any person who serves as an officer or employee,
11 or a member of a uniformed service, described in subsection
12 (c), may not, during the 4-year period after that person's
13 service as such an officer or employee has ceased, in connec-
14 tion with any transaction with the United States Govern-
15 ment, act as an agent or attorney for or otherwise represent
16 or advise—

17 "(1) the government of a foreign country;

18 "(2) a foreign political party; or

19 "(3) a business enterprise the decisionmaking of
20 which is controlled, directly or indirectly, by a foreign
21 government or foreign governments.

22 "(b)(1) Any person described in subsection (c) who
23 knowingly and willfully violates subsection (a) shall be im-
24 prisoned for not more than two years and shall be subject to
25 a fine in the amount provided in this title.

1 “(2) Any person described in subsection (c) who know-
2 ingly and willfully violates subsection (a) shall be subject to a
3 civil penalty of \$50,000, or the amount of compensation
4 which the person received for the prohibited employment or
5 other activity, whichever amount is greater. The Attorney
6 General may bring an action under this paragraph in an ap-
7 propriate United States district court against any such
8 person. A violation under this paragraph must be established
9 by a preponderance of the evidence. The penalty under this
10 paragraph is in lieu of the penalty under paragraph (1).

11 “(c) The prohibitions set forth in subsection (a) apply
12 to—

13 “(1) the President of the United States;

14 “(2) the Vice President of the United States;

15 “(3) the head of each executive department as de-
16 fined in section 101 of title 5;

17 “(4) an individual who—

18 “(A) is appointed by the President under sec-
19 tion 105(a)(2)(A) of title 3;

20 “(B) is appointed by the Vice President
21 under section 106(a)(1)(A) of title 3;

22 “(C) is not described in paragraph (3) or sub-
23 paragraph (A) or (B) and serves in a position in
24 level I, level II, level III, level IV, or level V of
25 the Executive Schedule; or

1 “(D) is a member of a uniformed service in a
2 pay grade of O-7 or higher and is serving on
3 active duty; and

4 “(5) each Member of Congress.

5 “(d)(1) For purposes of subsection (c)(4)(D), the term
6 ‘uniformed services’ means the Army, Navy, Air Force,
7 Marine Corps, Coast Guard, National Oceanic and Atmos-
8 pheric Administration, and Public Health Service.

9 “(2) For purposes of this section, the service of a
10 member or former member of a uniformed service shall be
11 considered to have ceased upon such member's discharge or
12 release from active duty.

13 “(e)(1) An individual described in subsection (c) may
14 apply—

15 “(A) to the Attorney General in the case of an in-
16 dividual described in paragraph (1), (2), (3), or (4) of
17 subsection (c), or

18 “(B) to the Committee on Standards of Official
19 Conduct of the House of Representatives, or the Select
20 Committee on Ethics of the Senate, as the case may
21 be, in the case of a Member of Congress,

22 for a waiver of the applicability of the prohibition contained
23 in subsection (a) with respect to employment or another ac-
24 tivity prohibited by subsection (a).

1 “(2) The Attorney General, or the appropriate commit-
2 tee referred to in paragraph (1)(B), as the case may be, may
3 grant a waiver under paragraph (1) if the applicant can dem-
4 onstrate that the proposed employment or other activity—

5 “(A) could not harm the security, trade, or other
6 national interests of the United States; and

7 “(B) would not create an undue appearance of
8 conflict of interest.

9 “(3) An individual who applies for a waiver under para-
10 graph (1) and who does not receive a determination under
11 paragraph (2) on the waiver within 90 days after the applica-
12 tion is made may accept the employment, or engage in the
13 activity, with respect to which the application is made.

14 “(4) Upon the filing of any application for a waiver
15 under this subsection, and upon the granting of any such
16 waiver, notice of such filing or granting shall be published—

17 “(A) in the Federal Register, in the case of appli-
18 cations to, and waivers granted by, the Attorney Gen-
19 eral; or

20 “(B) in the Congressional Record, in the case of
21 applications to, and waivers granted by, a committee
22 referred to in paragraph (1)(B).

23 “(f) If the Attorney General has reason to believe that a
24 person is engaging or is about to engage in employment or
25 another activity in violation of subsection (a), the Attorney

1 General may petition an appropriate United States district
2 court for an order prohibiting that person from engaging in
3 such employment or activity. The court may issue such order
4 if it finds that such employment or activity does or would
5 violate subsection (a). The filing of a petition under this sub-
6 section does not preclude any other remedy which is avail-
7 able by law to the United States or any other person."

8 (b) TECHNICAL AMENDMENT.—The table of sections
9 for chapter 11 of title 18, United States Code, is amended by
10 inserting after the item relating to section 207 the following
11 new item:

"207a. Limitation on the representation or advising of certain foreign entities by
certain former Federal officers and employees and members of the
uniformed services."

12 SEC. 3. OTHER CONFLICTS OF INTEREST.

13 (a) DESIGNATION OF SEPARATE AGENCIES AND BU-
14 REAUS.—Subsection (e) of section 207 of title 18, United
15 States Code, is amended to read as follows:

16 "(e)(1) For purposes of subsection (c) and except as pro-
17 vided in paragraph (2), whenever the Director of the Office of
18 Government Ethics determines that a separate statutory
19 agency or bureau within a department or agency exercises
20 functions which are distinct and separate from the remaining
21 functions of the department or agency, the Director shall by
22 rule designate such agency or bureau as a separate depart-
23 ment or agency.

1 “(2)(A) For purposes of subsection (c), a designation of
2 an agency or bureau under paragraph (1) shall not apply with
3 respect to—

4 “(i) a former head of that designated agency or
5 bureau; or

6 “(ii) any former officer or employee of the depart-
7 ment or agency within which the designated agency or
8 bureau exists, if the official responsibilities of the offi-
9 cer or employee included supervision of that designated
10 agency or bureau.

11 “(B) For purposes of paragraph (1), the Executive
12 Office of the President shall be considered a department or
13 agency without any separate agencies or bureaus.”.

14 (b) CIVIL PENALTY; ORDERS PROHIBITING AC-
15 TIVITY.—Section 207 of title 18, United States Code, is
16 amended by adding at the end the following:

17 “(k) Any person who violates subsection (a), (b), (c), or
18 (g) shall be subject to a civil penalty of \$50,000, or the
19 amount of compensation which the person received for the
20 prohibited employment or other activity, whichever amount is
21 greater. The Attorney General may bring an action under
22 this subsection in an appropriate United States district court
23 against any such person. A violation under this subsection
24 must be established by a preponderance of the evidence. The
25 penalty under this subsection is in lieu of the penalties other-

1 wise provided in this section for violations of subsection (a).
2 (b), (c), or (g).

3 “(1) If the Attorney General has reason to believe that a
4 person is engaging or is about to engage in employment or
5 another activity in violation of subsection (a), (b), (c), or (g),
6 the Attorney General may petition an appropriate United
7 States district court for an order prohibiting that person from
8 engaging in such employment or activity. The court may
9 issue such order if it finds that such employment or activity
10 does or would violate subsection (a), (b), (c), or (g). The filing
11 of a petition under this subsection does not preclude any
12 other remedy which is available by law to the United States
13 or any other person.”.

14 SEC. 4. EFFECTIVE DATE.

15 (a) IN GENERAL.—Subject to subsections (b) and (c),
16 this Act and the amendments made by this Act take effect on
17 January 1, 1987.

18 (b) FOR SECTION 3(a).—Subject to subsection (c), the
19 amendment made by section 3(a) takes effect on the date of
20 the enactment of this Act.

21 (c) EFFECT ON EMPLOYMENT.—(1) The amendments
22 made by this Act do not, except as provided in paragraph (2),
23 apply to a person whose service as an officer or employee to
24 which such amendments apply terminated before the effective
25 date of such amendments.

(a).

1 (2) Paragraph (1) does not preclude the application of
2 the amendments made by this Act to a person with respect to
3 service as an officer or employee by that person on or after
4 the effective date of such amendments.

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Sec. 24.45.171. Definitions. In this chapter

(1) "administrative action" means the proposal, drafting, development, consideration, amendment, adoption, approval, promulgation, issuance, modification, rejection or postponement by any state agency of any rule, regulation, order, decision, determination, or any other quasi-legislative or quasi-judicial action or proceeding whether or not governed by the Administrative Procedure Act (AS 44.62);

(2) "agency" means a state department, division, commission, board, office, bureau, institution, corporation, authority, organization, committee, council or board in the executive branch, or independent of the executive branch, of state government;

(3) "gift"

(A) means any payment to the extent that consideration of equal or greater value is not received;

(B) includes but is not limited to:

(i) a loan, loan guarantee, forgiveness of a loan, payment of a loan by a third party, or an enforceable promise to make a payment except when full and adequate consideration is received;

(ii) the purchase of tickets for travel or for entertainment events; and

(iii) the granting of discounts or rebates for goods or services not extended to the public generally;

(C) does not include:

(i) informational or promotional materials, including but not limited to books, reports, pamphlets, calendars or periodicals; however, payments for travel or reimbursement for expenses may not be considered "informational material";

(ii) food and beverages consumed in places of public accommodation;

(4) "immediate family" means the spouse and dependent children of an individual;

(5) "individual" means a natural person;

(6) "influencing legislative or administrative action" means promoting, advocating, supporting, modifying, opposing or delaying or seeking to do the same with respect to any legislative or administrative action by means including but not limited to the provision or use of information, statistics, studies, analyses in written or oral form or format;

(7) "legislative action" means the preparation, research, drafting, introduction, consideration, modification, amendment, approval, passage, enactment, defeat or rejection of any bill, resolution, amendment, motion, report, nomination, appointment or other matter by the legislature, or by a standing, interim or special committee of the legislature, or by a member or employee of the legislature acting in an official capacity; it includes, but is not limited to, the action of the governor in approving or vetoing a bill or the action of the legislature

in considering, overriding or sustaining that veto and the action of the legislature in considering, confirming or rejecting an executive appointment of the governor;

(8) "lobbyist" means

(A) a person who is employed and receives payments, or who contracts for economic consideration, including reimbursement for reasonable travel and living expenses, to communicate directly or through the person's agents with any public official for the purpose of influencing legislative or administrative action if a substantial or regular portion of the activities for which the person receives consideration is for the purpose of influencing legislative or administrative action; or

(B) a person who represents oneself as engaging in the influencing of legislative or administrative action as a business, occupation or profession;

(9) "payment" means the disbursement, distribution, transfer, loan, advance, deposit, gift or other rendering or tendering of money, property, goods or services or anything else of value;

(10) "payment to influence legislative or administrative action" means any of the following:

(A) a direct or indirect payment to a lobbyist whether for salary, fee, compensation for expenses, or any other purpose, by a person employing, retaining or contracting for the services of the lobbyist separately or jointly with other persons;

(B) a payment in support of or assistance to a lobbyist or the lobbyist's activities, including but not limited to the direct payment of expenses incurred at the request or suggestion of the lobbyist;

(C) a payment which directly benefits a public official or a member of the immediate family of that official;

(D) a payment, including compensation, payment or reimbursement for the services, time or expenses of an employee for or in connection with direct communication with a public official;

(E) a payment for or in connection with soliciting or urging other persons to enter into direct communication with a public official;

(F) a payment or reimbursement for expenses in the categories set out in AS 24.45.051(2);

(11) "person", in addition to the terms set out in AS 01.10.060(7) includes a labor union; and

(12) "public official" or "public office" means a public official or public office as defined in AS 39.50.200(a); however, it does not include a judicial officer or an elected or appointed municipal officer. (§ 2 ch 167 SLA 1976)

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892



November 23, 1989

M E M O R A N D U M

To: Members, House Labor and Commerce Committee

From: Representative Dave Donley, Chair
House Labor and Commerce Committee

Re: Draft "Revolving door" legislation

Attached is a copy of proposed "revolving door" legislation governing the conditions under which a public employee may return to private sector employment.

The current draft specifically addresses two circumstances:

1. The Director of the Division of Insurance cannot own stock or hold an equity interest in an insurance company for one year before or after serving as Director or during the time that they serve as Director.
2. A public employee may not be employed by or work under contract for a person who was awarded a contract with the state during the employees service if the employee was directly involved in the state's procurement procedures that resulted in the contract.
3. Persons who violates these sections are subject to a civil penalty not to exceed \$5,000 for each violation in addition to any other penalties that may be imposed according to law, including criminal penalties.

Included in your files is a multi-state survey and information on revolving door legislation from the National Conference of State Legislatures. Also included is a copy of a National Insurance Consumer Organization report by Robert Hunter suggesting "revolving door" conditions on state insurance commissioners and directors.

The Committee may wish to consider other circumstances where some statutory change may better protect the public interest, such as restrictions on employees who may have had regulatory responsibility for a particular industry or who may have been privy to confidential information during the course of their public employment.

dd/gbi89
b/donr

TABLE 20 (continued)
 SUBSTANTIVE RESTRAINTS ON ACTIVITIES OF GOVERNMENT OFFICIALS/EMPLOYEES
 (As of January 1, 1988)

Sources of Substantive Restraints on State/Provincial Government Officials/Employees Concerning:

Jurisdiction	Use of Public Position to Obtain Personal Benefits	Providing Benefits to Influence Official Actions	Use of Confidential Government Information	Post-governmental Employment	Receipt of Gifts by Officials or Employees	Representation of Private Clients by Public Officials or Employees before Public Entities	Receipt of Fees or Honoraria by Public Officials or Employees	Nepotism	Competitive Bidding	Outside Employment or Business Activities of Public Officials or Employees
New Mexico	S	S	S	—	S	—	—	—	S	S
New York	—	—	—	—	—	—	—	—	—	—
North Carolina	E	S	—	—	R	—	R	R	S	R
North Dakota	—	—	—	—	—	—	—	—	—	—
Ohio	S	S	S	S	S,(e)	S	(e)	(e)	S	(e)
Oklahoma	S	S	—	—	S	S	S	S	S	S
Oregon	S	S	S	S	S	S	S	S	S	S
Pennsylvania	S	S	S	S	R	R	R	S,R	S	—
Philadelphia, PA	S	S	S	S	S	S	S	—	S	S
Rhode Island	S	S	S	—	S	S	—	—	S	S
South Carolina	S	S	S	S	S	—	S,A	R(f)	S(i)	S,A
South Dakota	—	—	—	—	—	—	—	—	S	S
Tennessee	S	S	S	S	S	S	S	S	S	S
Texas	S	S	S	—	S	S	S	S	S	S
Utah	—	—	—	—	—	—	—	—	—	—
Vermont	S(g)	S	—	—	S	—	R(g)	—	S	A
Virginia	S	S	S	—(h)	S	S	R,S	S	S	S
Washington	S	S	S	S	S	S	S,A	A	S	S
West Virginia	L,R,S	E,R,S	—	S	E,R,S	—	E	—	A,L,R,S	A,R,S
Wisconsin	S	S	S	S	S	S	S	S	S	S
Wyoming	—	—	—	—	—	—	—	—	—	—
District of Columbia	S	S	S	S	S	S	S	S	S	S
U.S.A. (Federal)	S,R	S,R	S,R	S,R	R	S,R	S	R	S	R
Virgin Islands	S	—	S	—	—	—	—	—	—	S
Alberta	—	—	—	—	—	—	—	—	—	—
British Columbia	—	—	—	—	—	—	—	—	—	—
Newfoundland	—	—	—	—	—	—	—	—	—	—
Ontario	—	—	—	—	—	—	—	—	—	—
Quebec	—	—	—	—	—	—	—	—	—	—
Saskatchewan	—	—	—	—	—	—	—	—	—	—
Canada (Federal)	—	—	—	—	—	—	—	—	—	—

TABLE 20
 SUBSTANTIVE RESTRAINTS ON ACTIVITIES OF GOVERNMENT OFFICIALS/EMPLOYEES
 (As of January 1, 1988)

Sources of Substantive Restraints on State/Provincial Government Officials/Employees Concerning:

Council on Governmental Ethics Laws / The Council of State Governments 135

Jurisdiction	Use of Public Position to Obtain Personal Benefits	Providing Benefits to Official Actions	Use of Confidential Government Information	Post-governmental Employment	Receipt of Gifts by Officials or Employees	Representation of Private Clients by Public Officials or Employees before Public Entities	Receipt of Fees or Honoraria by Public Officials or Employees	Nepotism	Competitive Bidding	Outside Employment or Business Activities of Public Officials or Employees
Alabama	S	S	S	S	S	S	S	S	—	S
Alaska	S	S	—	—	A	S	—	—	—	—
Arizona	S	S	S	—	S	S	S	S	S	S
Arkansas	S	S	S	—	—	—	—	—	—	—
California	S	S	—	S	S	S	S	—	—	S
Colorado	—	—	—	—	—	—	—	—	—	—
Connecticut	S	S	S	S,A	S,A	S	S	S	S	S
Delaware	S	S	—	—	—	—	•	R	S	•
Florida	S	S	S	S	S	S	—	S	S	S
Georgia	—	—	—	—	—	—	—	—	—	—
Hawaii	S	S	S	S	S	S	S	—	S	S
Idaho	—	—	—	—	—	—	—	—	—	—
Illinois(a)	S	S	A,S	S	A,S	S	A	A,S	A,S	A,S
Indiana	A,S	A,S	A,S	S	A	A,S	A	S	S	A
Iowa	(b)	(b)	(b)	S	S	•	•	S	S	R
Kansas	S	S	S	S	S	S	S	A	S	S
Kentucky	S	S	S	—	S	S	S	R	R	R
Louisiana	S	S	S	S	S	S	S	S	S	S
Maine	S	S,L	S	S	S	S,A	—	S	S	—
Maryland	S	S	S	S	S	S	S	S	•	S
Massachusetts	S	S	S	S	S	S	S	S	—	S
Michigan	S	S	S	—	S	S	S	L	A,E,I,R,S	S
Minnesota(c)	—	—	—	—	—	—	—	—	—	—
Mississippi	S,R	S,L	S	S,R	—	S	—	S,L	S,L	S,L,R
Missouri	—	S	S	S	S	E	—	C	•	—
Montana	S	S	—	S	S	—	—	S	S	C(d)
Nebraska	S	S	S	—	S	S	—	S	S	—
Nevada	S	S	S	—	S	A	—	S	S	S
New Hampshire	S	S	S	—	S	S	S	—	A,S	S
New Jersey	S	S	S	S	S	S	A	—	R	R

TABLE 20 (continued)
SUBSTANTIVE RESTRAINTS ON ACTIVITIES OF GOVERNMENT OFFICIALS/EMPLOYEES
(As of January 1, 1988)

Key:

- No restraints/Not applicable

A Administrative regulation

C Constitutional

E Executive order

I Case law

R Agency ruling

S Statutory

* Restricted activity; source of restriction unavailable.

(a) The majority of the several hundred citations in the Illinois Revised Statutes which might be described as "conflict of interest" in character apply to specific agencies, officers or programs and are sometimes further implemented by agency rule or administrative regulation. A number carry civil penalties for violation, although a number encompass criminal sanctions. There are also a number of criminal statutes pertaining to bribery and official misconduct which are of generic application to officers and employees in state and local government. However, there is no separate statutory code of conduct applying evenly throughout Illinois state government.

(b) House and senate rules.

(c) No substantive restraints fall within the jurisdiction of the Ethical Practices Board.

(d) Judges only.

(e) Agency opinions.

(f) Not encompassed within the State Ethics Act.

(g) State employee contract also prohibits it.

(h) Statutory restraints for a few.

Ethics Codes and Commissions
Legislation and Litigation in 1988

by

R. Roth Judd*
Executive Director
Wisconsin Ethics Board

Prepared for the Council on Governmental Ethics Laws
Presented at Orlando, Florida
Monday, December 5, 1988

* With special appreciation for the contributions of Jaclyn Seigel, Cathy Halpin, and Linda Fumusa, all of the Wisconsin Ethics Board, and with thanks to my colleagues at the ethics boards and commissions of North America. Much of this material is drawn from *COGEL Guardian*.

Ethics Codes and Commissions:
Legislation and Litigation in 1988

by
R. Roth Judd
Executive Director, Wisconsin Ethics Board

ALABAMA

Alabama Ethics Commission
817 South Court Street, Suite 2B Annex
Montgomery, Alabama 36104
(205) 261-2997
Executive Director: Melvin G. Cooper

Legislation: No exemption for firemen. - In 1986, the Alabama Legislature amended the Ethics Law to bring all public officials and public employees at the state, county and municipal levels of government in Alabama within the standards of conduct embodied in the law. During the 1988 Regular Session of the Alabama Legislature, bills were introduced in both the House and Senate to exempt all firemen from the law. Some saw this legislative initiative as a subterfuge intended to lead to exemption of all law enforcement officers. The ethics commission opposed these bills. They did not pass.

Litigation: Violation requires actual conflict. - The Alabama Court of Criminal Appeals in the case of *Kirkland vs. State Ethics Commission* ruled that an actual conflict of interest must be shown to convict a public official for violating that section of the Ethics Law which reads as follows: "No public official or employee or his family shall solicit or receive any money in addition to that received by the official or employee in his official capacity for advice or assistance on matters concerning the Legislature, an executive department or any public regulatory board, commission or other body." The Alabama Ethics had contended that the aforementioned section set out a conflict whenever a public official solicits and accepts money for advising or assisting an individual in

a matter involving a regulatory agency of government. The Commission did not appeal.

Legislation: Postemployment bill fails. - A post employment bill drafted by and recommended by the Ethics Commission did not pass. It did not get out of committee.

Legislation: Voting Rights Act. - A 1986 act of Alabama's Legislature required, effective 1988, candidates for election to local offices to file statements of their financial interests with the Alabama Ethics Commission as a condition of having their names appear on the ballot. The Alabama Ethics Commission was in the process of removing 200 candidates from the ballot when 2 suits were filed. Before trial the Attorney General stepped in to say the United States Department of Justice had to clear this requirement before it could become effective. Clearance was received 3 weeks after the election. The lesson is that in those states affected by the Voting Rights Act of 1964 any law affecting an election must be examined by the U.S. Department of Justice for its effects.

Litigation: Cost of enforcement proceedings. - The Ethics Commission investigated 2 Alabama employees who were pilots for the Governor. The Commission cited the statute of limitations as its reason for clearing both of them. Each of the 2 employees then sought \$5,000 from the State Board of Adjustments for the costs they said they spent in defending themselves in this potential action by the Ethics Commission. This matter continues under review.

Litigation: No disclosure means no candidacy. - Julius Brown, a candidate for Circuit Court Clerk, a state position, did not file a Statement of Financial Interest with the Alabama Ethics Commission in a timely way. The Commission brought suit. It was ordered that the candidate's name not appear on the ballot because failure to file a Statement of Economic Interest was a prerequisite of candidacy. The would be candidate has appealed. The matter is still under review.

ALASKA

Alaska Public Offices Commission
2221 E Northern Lights Blvd.

Room 128

Anchorage, Alaska 99508

(907) 276-4176

Executive Director: Karla L. Forsythe

Legislation: Gifts to public officials. - This past June, the Governor signed into law a bill sponsored by Rep. Pat Pourchot (D-Anchorage), chair of the Legislative Ethics Committee, which addressed ambiguities and problems with Alaska's 1984 Legislative Ethics Act. Among other new provisions the bill clarified the state's gift restrictions and set a maximum allowable limit of \$50 for a gift to a lawmaker. No gift is permitted under circumstances in which it could be inferred that the gift is intended to influence the performance of official actions. While gifts of travel are still permitted for the purpose of ob-

taining information on matters of legislative concern, all travel with a value of \$100 or more must be publicly disclosed.

Legislation: Restrictions on lobbying by former officials to be proposed. - The word from Alaska is that the Legislature's 1989 session may get around to establishing restraints on lobbying activities of former legislators. For developments as the session progresses consult Alaska State Legislature, Charles Christensen, staff attorney, P.O. Box V, Juneau, Alaska 99811 (907) 561 7610.

ARIZONA

Secretary of State's Office
Capitol West Wing-7th Floor
Phoenix, Arizona 85007
(602) 542-4285
Secretary of State: Jim Shumway

Arizona reports no significant legislation or litigation.

ARKANSAS

Steve Clark, Attorney General
Office of the Attorney General
200 Tower Building
4th and Center Streets
Little Rock, Arkansas 72201
(501) 682-2007

Legislation: New ethics code for Arkansas. - Since 1979, Governor Bill Clinton has advocated Arkansas's adoption of an ethics code. During 1987 and 1988 Governor Clinton strongly advocated the state's adoption of such a code. Lobbyists, in particular, were the focus of Clinton's efforts.

Clinton appointed a special Code of Ethics Commission, which issued its report in the waning days of 1987, and called a special legislative session for January 1988 to consider those recommendations.

Under the Governor's proposal a public official was to disclose: businesses in which the official had invested; offices and directorships held by an official or spouse of an official in firms regulated by the state; each employer or source of income; name of members of the official's immediate family, and all names under which they do business; creditors to whom \$1,000 or more was owed, except loans made in the ordinary course of business; guarantors on outstanding debts; source and date of gifts over \$100 to official or to immediate family; food, lodging, and travel expenses over \$150 paid by a non-government source for an appearance by the public official in an official capacity.

When lawmakers adjourned on February 5, 1988 none of Clinton's ethics package had been approved.

After failing to pass the ethics reform package legislatively, Clinton announced that he would take his proposal to the voters and seek to place it on the November ballot as an initiative. Considerable controversy ensued over the adequacy of the petitions to place this subject on the ballot. In the week prior to the popular referendum the measure was threatened by a last-minute

media campaign of, by some estimates, \$100,000 worth of television ads in opposition to the proposed ethics law.

The measure passed by capturing 65% of the vote. The new law takes effect January 1, 1989 and will be administered by Arkansas's Attorney General.

CALIFORNIA

Fair Political Practices Commission
428 J Street, Suite 800, PO Box 807
Sacramento, California 95804
(916) 322-5901

Executive Director: Gregory Baugher

California reports no significant legislation or litigation.

COLORADO

Office of the Secretary of State
1560 Broadway, Suite 200
Denver, Colorado 80202
(303) 894-2211

Donetta Davidson: Elections Officer

Legislation: Contracts for municipal officials. - The Colorado Legislature passed legislation that removes the prohibition against city and town officials getting municipal contracts. The law requires that municipal officials disclose their interests to the city council or town board in advance and abstain from voting on any contract they could receive.

Colorado reports that 2 bills were defeated. One bill would have tightened financial disclosure reporting requirements and would have created an ethics commission. The other bill would have made all state government employees subject to financial disclosure requirements.

CONNECTICUT

State Ethics Commission
97 Elm Street (Rear)
Hartford, Connecticut 06106
(203) 566-4472

Executive Director & General Counsel: Alan Plofsky

Legislation: Ethics Code applied to quasi-public entities. - The Connecticut General Assembly has passed, by unanimous vote of both houses, and the governor has signed a bill extending the Code of Ethics to the State's nine quasi-public agencies. The effort was commenced after two incidents involving former quasi-public agency officials dealing with their former agencies crystallized the need for the legislation. In connection with this legislation, the Commission staff will be increased from six to eight (an additional attorney and paralegal).

Legislation proposed for 1989. Connecticut expects to see these proposals before the Legislature in 1989: (1) A ban on lobbying by legislators, governor, and governor's staff in the year following their leaving office. (2) A ban on all gifts from lobbyists to any member of state government, with certain exceptions for meals and commemorative articles. Currently Connecticut has a reporting threshold of \$15 for gifts and an absolute maximum (total received by one individual for a year) of \$50. (3) Extension of a restraint on a state official's ownership interest in an enterprise to an employee's interest. This would mean that a legislator who works for an enterprise in any capacity (middle management or custodial staff, for example) would have restrictions on his or her voting on legislation affecting the enterprise.

DELAWARE

Division of Research
Legislative Council/Legislative Hall
Dover, Delaware 19904
(302) 736-5803
Director of Research: Earl McGinnes

Delaware reports no significant legislation or litigation.

DISTRICT OF COLUMBIA

Office of Campaign Finance
2000 14th Street, N.W. Suite 400
Washington, D.C. 20009
(202) 939-8710

Director of Campaign Finance: Marianne Coleman Niles

The District of Columbia reports no significant legislation or litigation.

FLORIDA

Commission on Ethics
2105 The Capitol
PO Box 6
Tallahassee, Florida 32302-0006
(904) 488-7864
Executive Director: Bonnie Williams

Legislation: Independence of ethics commission's employees. - In October of 1987, the Commission on Ethics filed suit against the President of the Florida Senate, the Speaker of the House of Representatives, and the Legislature's Joint Legislative Management Committee seeking a writ of mandamus or a declaratory judgement which would stop the defendants from imposing the personnel system for employees of the Legislature upon commission employees. On July 1, 1987, the defendants began processing the pay and benefits of commission employees in accordance with the legislative system, even though no bill had passed which would have amended the statutes governing the personnel systems of which commission employees had been members.

The commission's lawsuit asserted that the defendants' actions contravened the independence of the commission, as provided for in the Florida Constitution, because of the authority which the President and the Speaker would have over the commission. The commission alleged that the defendants' actions were in violation of existing statutory law governing the rights, pay, and benefits of Commission employees.

Via negotiations the commission and the Legislature agreed to include the commission's employees under the uniform personnel plan that is administered by a joint committee of the Legislature. The Commission's employees' salaries, benefits, leave policies, etc., will be governed by the plan. Personnel decisions related to hiring, firing, promotion, and demotion are explicitly reserved to the Commission. This has been adopted by Florida's Legislature.

Legislation: Postemployment restrictions for local officials. - Florida's Legislature has enacted legislation that will permit local governments to forbid a former local official to represent a client for pay before local governments for two years after leaving office. Florida's Ethics Code forbids former legislators from representing clients for pay before the Legislature.

Litigation: Complainant gag rule unconstitutional. - Confidentiality of complaint proceedings. Under Florida's law complaints are initially accorded a substantial degree of confidentiality. Only at a later stage of the proceedings does a complaint become public. Florida's law requires not only the Ethics Commission but individuals with knowledge that a complaint has been filed to keep that information confidential. That is unlawful under the constitution of the United States, the U.S. District Court for the Southern District of Florida has told the Commission. The Court granted summary judgement in favor of a plaintiff who contested the gag the Florida law purported to place on individuals. In 1978 the United States Supreme Court had found in *Landmark Communication vs. Commonwealth of Virginia*, 435 U.S. 829, that a state statute requiring confidentiality of a legal proceeding could not, constitutionally, prevent a newspaper from reporting information with respect to those proceedings. The United States Supreme Court had said that the state could not restrict free speech of third parties. The recent Florida case seems to be the first time that a court has reviewed a statute purporting to forbid a complainant to reveal that a complaint has been filed. *Doe vs. Larry Gonzales* (Case No. 85-8452, U.S. District Court for the Southern District of Florida). The Florida commission has appealed this decision to the 11th Circuit Court of Appeals where the matter now rests.

GEORGIA

State Ethics Commission
2082 East Exchange Place-Suite 235
Tucker, Georgia 30084
(404) 493-5795

Executive Secretary: Robert P. Lane

Legislation: Disclosure laws weakened. - When filing a campaign finance report in Georgia, those running for office need only file where their campaign money came from and how they spent it. Georgia's Ethics in Gov-

ernment Act then requires nothing else, not even that state officials read it. And currently they don't.

In an *Atlanta Journal-Constitution* review of the Ethics Commission's actions for the past 2 years, they found that as long as it was signed and on time, a blank campaign finance report could pass unnoticed. The commissioners on the Ethics Committee say they don't have the staff or the time to look at the reports.

This places Georgia among the states with the weakest ethics law in the nation. And in the last moments of the 1988 session, the ethics law has been further weakened by provisions eliminating some business and personal financial interests from the required finance report. The new law also eliminates the felony provision on second and subsequent violations of the act.

Georgia is also one of the few states that allows a candidate or incumbent to convert campaign funds to personal use, as long as the contributor is notified before the money is pocketed.

Executive secretary of the commission, Robert Lane, said the in-house rule is that an investigation will be initiated only if someone files a sworn complaint or a newspaper article appears.

Although 18 sworn complaints have been filed in the last 2 fiscal years, all were dismissed because the commission could find no violation of the act or intent to violate the act.

Local Legislation: Local ethics code. - A code of ethics, the first of its kind to be adopted by a government board or agency in Gwinnett County, Georgia, will probably be signed at the next meeting of the Lilburn planning commission. The two-page document covers ethical conduct on the part of commission officials in the areas of competence, confidentiality, integrity, and objectivity.

HAWAII

State Ethics Commission
PO Box 616
Honolulu, Hawaii 96809
(808) 548-6401

Executive Director: Daniel J. Mollway

Hawaii reports no significant state legislation or litigation.

Administrative action: Use of title or prestige of office to endorse candidate. - Prior to the November 1988 election the commission held that legislators could not use the title of their positions to endorse candidates for election. The commission reasoned that the decision of for whom to cast a ballot was an individual decision and that legislators were not selected to offer their positions on these matters. The commission is now re-evaluating that position.

Local Legislation: No freebies for liquor licensors. - As much as bar or restaurant owners may want to offer friendly freebies to the people who gave--and could take away--their liquor licenses, that is now prohibited under a new code of conduct for the Honolulu Liquor Commission.

Commissioners may not accept drinks, food or other gifts and "shall not use their official positions to influence any person, firm or organization to obtain for himself or someone else any favor or other personal advantage." un-

der the rules signed by Mayor Frank Fasi and Honolulu Finance Director Linda Smith.

According to both Smith and Commission Chairman John Edwards, Jr., the document is "codified common sense" and did not come as a surprise to the five-member appointed board that oversees the highly regulated liquor industry. A version of the code was generated by the commission and liquor law administrator Eugene Carson more than two years ago.

IDAHO

Secretary of State's Office
Room 205, State Capitol
Boise, Idaho 83720
(208) 334-2300.

Secretary of State: Pete T. Cenarrusa

Idaho reports no significant legislation or litigation.

For a number of years, the governor has, by executive order, issued a code of conduct for state employees. Idaho reports no substantial change in the code.

ILLINOIS

Illinois Board of Ethics
State Illinois Center
100 W. Randolph Street
Suite 3-300
Chicago, Illinois 60601
(312) 917-4100

Executive Director: John L. Larsen

City of Chicago Board of Ethics
205 West Randolph, Suite 530
Chicago, IL 60606
(312) 744-9660

Executive Director: Harriet McCollough

Legislation: Award of contracts. - Almost unnoticed in the closing days of the recent legislative session was passage of a bill, Public Act 85-1295, that specifically prohibits a number of bad practices in the letting of state contracts, and clarifies the steps that are mandatory in opening up competition for contracts. The reforms, coming in the aftermath of the Pentagon contract scandals, involve technical procedures familiar to purchasing agents and contractors. So strict are the new safeguards that many veterans of the political process were amazed they attracted so little organized opposition. The new requirements take effect in November 1989.

INDIANA

State Ethics Commission
One North Capitol, Suite 444
Indianapolis, IN 46204
(317) 232-3850

Executive Secretary: Mary A. Donovan

Legislative Ethics Committee
Statehouse
Indianapolis, IN 46204
Ray Richardson: Chairman, past session
(317) 232-9608

Administrative action: New code for state employees. - The Indiana Ethics Commission gave its final approval in March 1988 to a new ethics code for state employees. The unanimous vote in favor of the new code followed a public hearing on December 28, 1987. The new code establishes controls on employee conflicts of interest, moonlighting and honoraria which employees may accept. A portion of the code was stiffened to prohibit political work by state workers on taxpayers' time.

New restrictions require state employees to disclose the receipt of gifts, property, favors, services, entertainment, food or drink if they total more than \$100 in a calendar year and are given by a person or business with or desiring contracts with the employees' state agency. The section also limits such gifts to a total of \$250 per year. The new code instructs workers not to accept fees for speeches or articles whose content is derived from their state jobs.

Local Legislation: Gifts: local officials. - A council member would no longer have to report gifts with a total annual value in excess of \$100 from a business doing business with the city if the gifts involved Marion County events to which all council members were invited. A new provision would prohibit employees and appointed officials of the city and county and their immediate families from accepting gifts exceeding a total value of \$250 from a business doing business with the agency of the employee or official. Elected officials would not be covered by this prohibition.

IOWA

Iowa Campaign Finance Disclosure Commission
507 Tenth Street
Des Moines, Iowa 50309
(515) 281-4411

Executive Director: Kay Williams

Iowa reports no significant legislation or litigation.

KANSAS

Kansas Public Disclosure Commission
Suite 504
109 West Ninth Street
Topeka, Kansas 66612
(913) 296-4219
Administrator: Carol E. Williams

Legislation: Ethics Code applied to interstate compacts. - House Bill 2882, as passed by the House requires executive directors or administrators of 11 interstate compacts and commissions to file statements of substantial interests. The bill was amended on the floor of the House to require all city and county officers and candidates for such offices to file statements of substantial interests. Currently, city and county officers and candidates for these offices file statements of substantial interests provided by county election offices. The bill as amended puts the statement of substantial interests filings for these officers and candidates under the jurisdiction of the Public Disclosure Commission.

Legislation: New penalties for violations; subpoena power. - Senate Bill 252, gave the Kansas Public Disclosure Commission authority to issue subpoenas during the course of its investigation, once a sufficiency determination has been made on a complaint. Formerly the law provided for subpoena power only after a probable cause determination. The law also provides for fines (\$5,000 for the first violation, \$10,000 for the second violation and \$15,000 for third and subsequent violations) for violations of the Act.

KENTUCKY

Financial Disclosure Review Commission
PO Box K
Corbin, Kentucky 40701
(606) 523-0443
Executive Director: Ralph D. Roaden

Kentucky reports no significant legislation or litigation.

LOUISIANA

Commission on Ethics for Public Employees
7434 Perkins Road, Suite B
Baton Rouge, Louisiana 70808
(504) 925-7290
Maris McCrory

Legislation: Ethics code extended to boards that direct agencies. - Act 144 of the 1988 regular session of the Legislature subjects appointed board and commission members who exercise supervision over an agency to the same ethical standards as "agency heads". "Agency head" was defined to establish that nepotism and postemployment restriction apply to members of these boards and commissions.

Legislation: Rescission of permits. - Act 581 expands the authority of the Commission on Ethics for Public Employees and the Board of Ethics for Elected Officials to rescind contracts that have been influenced by ethics violations to include also rescission of permits and licenses.

Legislation: Sole decision maker may not enter into contract. - Act 880 provides that elected officials can no longer use recusal to cure certain conflicts of interest where the elected official is the "sole decision maker".

Legislation: Private use of public equipment authorized. - Act 623 provides that public law enforcement officers may use their official vehicles to provide private traffic control or security services provided "such use is approved by and in accordance with the policy of the law enforcement officer's public employer". The law requires that "appropriate charges" for such use be provided for, but sets no minimum fees.

MAINE

Commission on Governmental Ethics & Election Practices
Office of the Secretary of State
State House Station #101
Augusta, Maine 04333
(207) 289-4178

Deputy Secretary of State: Peter W. Danton
Administrative Assistant: Marilyn Canavan

Legislation: Ethics Code under study. - A blue ribbon commission to examine legislative ethics in state government was established by the president of the Senate and the Speaker of the House in the fall of 1988. The report is due at the end of 1988.

MARYLAND

State Ethics Commission
Room 1515
301 West Preston Street
Baltimore, Maryland 21201
(301) 225-1030

Executive Director: John E. O'Donnell

Legislation: Regulation of speakers' fees falls. - Julian L. Lapidés (D-Baltimore) sponsored a bill to bar executive branch officials from accepting fees for speaking to special interest groups. The Senate, which approved the proposal on a 33 to 11 vote, amended the measure to allow fees for written communications. Lapidés had been concerned over the large fees given by special-interest groups to members of Congress for speeches. These large fees "are very often tantamount to bribes," state Lapidés. This bill was approved by the Senate but failed in the House.

Legislation: Ethics law clearly applied to law enforcement officers. - In the 1988 session of the Maryland General Assembly, the Ethics Law was amended to

make it clear that the provisions of the Law Enforcement Officers' Bill of Rights did not apply to the activities of the State Ethics Commission.

Litigation: Eleven years of litigation. - In the latest skirmish in a political corruption case that just won't die, federal prosecutors and lawyers for former Maryland governor Marvin Mandel clashed once more over the 11-year-old mail fraud and racketeering conviction of the once powerful politician.

Last November, a federal judge in Baltimore overturned the conviction of Mandel and five associates in a reversal based on the 1987 Supreme Court *McNalley* ruling that swept away the underpinning of the mail fraud convictions of scores of public officials and private citizens. Prosecutors asked a three-judge panel of the 4th U.S. Circuit Court of Appeals to reinstate the conviction calling it the most important criminal case in the history of Maryland.

If the lower court ruling is upheld, it could lead eventually to Mandel's criminal record being expunged, restoration of his right to practice law and the return of more than \$600,000 in fines and forfeitures to four of his co-defendants. Mandel served about 19 months in federal prison.

MASSACHUSETTS

State Ethics Commission
One Ashburton Place, Room 619
Boston Massachusetts 02108
(617) 727-0060

Executive Director: Andrew B. Crane

Litigation: Separation of powers. - The Massachusetts Commission had initiated an action against Judge William Highgas, Jr. The judge asked that the complaint be dismissed on the theory of separation of powers. The Commission has deferred its proceeding until resolution of an action brought by the state's Judicial Conduct Commission against the judge for the same conduct that formed the basis of the Ethics Commission's complaint.

Litigation: Participation in matter in which interested. - The Town of Grafton took an interest in locating a sanitary landfill across the street from the home of town selectman George Prunier. Many Not-In-My-Back-Yard types might have worked to thwart the Town's decision, but not this public spirited local official. He voted in support of the town's acquisition of the landfill site. The Commission reprimanded the Selectman for participating in a decision in which he had a personal, financial stake.

Litigation: Golfing treasurers. - In August the Commission issued public enforcement letters to 5 municipal treasurers and to a Boston based bank in connection with the bank's furnishing the local treasurers with meals and golf outings. This action stemmed from the state inspector general's identification of 104 treasurers who had accepted benefits from the bank. The Commission's action was against the 5 who had accepted out of state golf outings valued at more than \$100. A further result is that Massachusetts has now prepared a fact sheet on business entertainment expenses for public officials.

Litigation: Political support is thing of value. - In the town of Chelsea the now former mayor cancelled a Fire Captain's promotional exam in exchange

for the political support of ten of twelve fire fighters competing for the position, or so it was alleged by the Massachusetts' Ethics Commission. It seems that when the mayor posted the notice of the exam for the selection of a fire captain two of twelve fire fighters lacked sufficient tenure to apply, but the two fire fighters would be eligible if a second notice of an examination were posted two months later. It was set in motion to hold that second exam, but the first ten protested to the mayor. It is alleged that the mayor told the ten fire fighters that he would not schedule the second exam in exchange for their political support. The Commission has filed a complaint.

Litigation: Use of office for free travel. - Massachusetts' Secretary of Economic Affairs, it alleged, used his state office to solicit people's interest in a tour of the Soviet Union. This was a tour to have been arranged under the auspices of People-to-People. Had the official successfully solicited a sufficient number of people he would have traveled free. Had he successfully solicited even more travelers, his spouse could have accompanied him without cost. Using the state's resources to solicit interest in this trip was a violation of Massachusetts ethics of law, said the Ethics Commission. The official withdrew from the tour, reimbursed the state for misdirection of resources to his private end, and was reprimanded.

Legislation: No significant legislation reported. - No legislation of significance this year. Legislation took a back seat to Presidential Politics.

MICHIGAN

State Board of Ethics
Dept. of Civil Service
Lewis Cass Bldg.
320 South Walnut
PO Box 30002

Lansing, Michigan 48909
(517) 373-2754

Executive Secretary: Donald H. Myers

Michigan reports no significant legislation or litigation.

MINNESOTA

Ethical Practices Board
625 North Robert Street, Suite 102
St. Paul, Minnesota 55101-2520
(612) 296-1720

Executive Director: Mary Ann McCoy

Legislation: Ethics Code to be proposed. - A bill to establish standards of conduct for state officials and to create an ethics board or commission to oversee those standards is expected to be offered in the Senate in 1989.

MISSISSIPPI

Mississippi Ethics Commission
PO Box 22746
Jackson, Mississippi 39225-2746
(601) 359-1285
Executive Director: Ronald E. Crowe

Legislation: Public official felons. - Operation Pretense has generated a call for a state law which would forbid convicted federal felons to hold public office. An incumbent member of the state House of Representatives has prefiled a bill on this issue for consideration in 1989. Currently, conviction of only certain state crimes preclude one from holding public office. These bills have been prefiled for the 1989 legislative session.

At the present time, "Operation Pretense" has resulted in 54 supervisors being charged. Both the U.S. Attorneys in the southern district and northern district of the state continue to report that even though more than fifty supervisors have either been convicted or pleaded guilty, many additional supervisors will be brought before federal grand juries.

Litigation: Board members not to hire spouses. - The Mississippi Supreme Court has ruled that employment of spouses of members of school boards is prohibited pursuant to Section 109 of the Mississippi Constitution of 1890. The case was originally brought by several taxpayers. The attorney general and the Mississippi Ethics Commission intervened in the case. *Smith, et al. v. Dorsey, et al.*, Supreme Court of Mississippi, No. 58,288 (Decided March 16, 1988). This decision was subsequently modified and reissued in August 1988.

Litigation: Hospital board's members not to grant privileges to selves. - The Mississippi Ethics Commission is also presently involved at the trial court level in two cases, each concerning service of a physician holding staff privileges at a public hospital while serving as a member of the hospital's board of trustees. The hospital's board of trustees must annually pass on the renewal of staff privileges. The question before the trial courts is whether the action of the board of trustees granting staff privileges authorizes a contract with a physician. One case also concerns a claim by the Ethics Commission asserting that the board member-staff physician used his official position as a trustee to obtain additional benefits for his medical practice through the use of the hospital's equipment and staff. One case is still before the trial court; the other was decided adversely toward the commission, which has appealed to Mississippi's Supreme Court.

Legislation: Private interest in public contract; advisory opinions. - 1987 was a general election year in Mississippi. The new governor, Ray Mabus, and the new attorney general, Mike Moore, ran their successful campaigns urging white collar crime packages, public integrity laws, and additional disclosure requirements. Governor Mabus presented his government reform package to the new legislature.

The Mississippi Legislature adjourned the 1988 Session in early May and several matters were taken up by the Legislature which affect the ethics laws of the state. Senate Bill 2853 was adopted. It conforms the ethics in government statutes with the constitutional mandate of Section 109 prohibiting a public official's interest in a contract he is authorized to approve. The statutes

had ingrafted a number of exceptions to the constitutional language. In 1987 the Ethics Commission had struck several of the exceptions that had been placed in the law in 1983 by the Legislature. *Frazier, et al. v. State ex rel. Pittman*, 504 So. 2d 675 (March 1987) Senate Bill 2853 replaced the statutory language with the language of the constitution.

Senate Bill 2853 also gave the Ethics Commission's advisory opinions legal standing and allowed public servants to rely upon the opinions with no liability if such reliance is in good faith. The bill places a 90-day deadline on local district attorneys and the state attorney general for response to matters which have been referred to their offices for action by the Ethics Commission.

The act will take effect upon approval by the United States Department of Justice due to the requirement of the Voting Rights Act review process.

Local reform: - Governor Ray Mabus called a special session for August 1988 after the Legislature failed to agree on reforms during the regular spring session. The real goal of the special session of the legislature was to overhaul what Mabus called "an archaic system of county government" that "has made stealing too easy and too tempting." Officials blamed graft on a county government system that carves a county into five electoral districts, each run by an elected supervisory who makes decisions on purchasing, inventory, personnel and road work. An opportunity for the revamping of county governmental structure appeared on ballots in the November election. The more urban counties reorganized; the more rural did not.

Legislation: Administrative remedies . - The Senate Judiciary Committee has shown an interest in giving the commission administrative remedies, after administrative hearings, instead of requiring the commission to have cases brought through local district attorneys. Watch for developments in 1989.

MISSOURI

Secretary of State's Office
Campaign Reporting Division
PO Box 1370
Jefferson City, Missouri 65102
(314) 751-3919

Co-Directors: Gayla Thomas and Steve Byers

Missouri reports no significant legislation or litigation.

MONTANA

Commissioner of Political Practices
Capitol Station
Helena, Montana 59620
(406) 444-2942

Commissioner: Dolores Colburg

Montana reports no significant legislation or litigation.

NEBRASKA

Accountability and Disclosure Commission
11 Floor, State Capitol Bldg.
PO Box 95086
Lincoln, Nebraska 68509
(402) 471-2522
Executive Director: Dannie Trautwein

Legislation: Financial disclosure. - A new rule requiring the filing of Statements of Financial Interests by certain state level public employees and officials has been approved by the Governor.

NEVADA

Commission on Ethics
State Capitol Complex
Carson City, Nevada 89710
(702) 885-5469
Chairman: Carl F. Dodge

Nevada reports no significant legislation or litigation.

NEW HAMPSHIRE

Secretary of State's Office
State House, Room 204
Concord, New Hampshire 03301
(603) 271-3242
Secretary of State: William M. Gardner

New Hampshire reports no significant legislation or litigation.

NEW JERSEY

Executive Commission on Ethical Standards
28 West State Street
Room 1407, CN 082
Trenton, New Jersey 08625
(609) 292-1892
Executive Director: John G. Donnelly

Legislation: Recodification of ethics code. - The New Jersey Conflicts of Interest Law was amended by P.L. 1987, c. 432, effective February 14, 1988. This law extends to the executive branch of state government. Major changes include: state agencies to include interstate agencies to which New Jersey is a party; reduction from 10% to 1% the stock ownership or control of a corporation by a legislator or certain officer or employee which precludes the corporation from contracting with the state for anything having a value of \$25 or more where the contract is not publicly bid or subject to certain other statutory exceptions; a broadening of the post-employment restrictions to prohibit officers and employees from providing or agreeing to provide information not

generally available to members of the public or services to anyone other than the state in connection with any matter in which he was substantially and directly involved during the course of his public office or employment.

Legislation: Advisory bodies subject to new law. - Almost as soon as the law tightening ethical restrictions was enacted there were calls for an amendment to distinguish between advisory and enforcement commissions. The law, long a standard for full-time, salaried commission members, states that commission members should not "undertake any employment or service, whether compensated or not, which might reasonably be expected to impair his objectivity and independence of judgement in the exercise of his official duties." Revisions of the ethics law, sponsored by Assemblyman Paul Contillo (D-Bergen), extended the range of the old law to include citizens who serve part-time on state commissions on a voluntary basis.

Commissions with enforcement of contracting powers are very different from advisory commissions. According to both Michael Cole, chief counsel to Gov. Thomas Kean, and Albert Porroni, counsel to the Legislature, a distinction should be made between the two types of commissions.

According to Contillo, commissions with enforcement powers or the ability to award state contracts are those, who "act . . . buy . . . order". A member of such a commission needs to be objective and to have an independence of judgement as stated in the law.

Contillo states, "The whole purpose of (an advisory) commission is to supply a whole spectrum of hopefully conflicting opinions. We deliberately appoint people of various and conflicting views."

Legislation: Disclosure by legislators. - In a unanimous vote, the Joint Legislative Committee on Ethical Standards approved a new ethics code that would result in lawmakers having to make fewer disclosures. Current code requires a legislator to report any gift worth more than \$250 and any honorarium, fee or reimbursement above \$100. The new code would raise the gift level to \$400 and the fee limit to \$200.

Legislation: Purchasing standards. - In July 1988 New Jersey's governor issued an executive order (#189) proclaiming certain standards of conduct for vendors wishing to do business with the state. A vendor's violation of those purchasing standards can bar a vendor from state business for as much as 5 years.

NEW MEXICO

Secretary of State's Office
State Capitol Bldg., Room 400
Santa Fe, New Mexico 87503
(505) 827-3600

Secretary of State: Rebecca Vigil-Giron

New Mexico reports no significant legislation or litigation.

NEW YORK

State of New York Commission on Government Integrity
21st Floor, Two World Trade Center
New York, New York 10047
Executive Director: Peter Bienstock
(212) 321-1350

New York reports no significant legislation in 1988.

Legislation: Ethics code strengthened. - The ethics measures enacted in April 1987 which bar legislators from appearing before state agencies on behalf of private clients, call for broader financial disclosure by legislators, and provide biennial audits of the Legislature, state agencies and public authorities are already being viewed as insufficient. Critics within the Legislature are deliberating what steps to take to guarantee greater accountability for legislative expenditures and a means to open the legislative process to public scrutiny.

Legislation: Campaign activities of legislative employees. - State legislative employees would be prohibited from engaging in political campaign work on state time or from using state resources for campaign purposes if rules proposed by a state commission are approved.

The New York State Blue Ribbon Commission reviewed legislative practices in relation to political campaign activities of legislative employees. The commission was headed by former Governor Malcolm Wilson. Following are some of the recommendations made by the commission in April 1988: Legislative employees would be prohibited, while on state time, from doing strictly campaign work; Legislative employees would be allowed to do campaign work voluntarily outside their regular state time; No mass mailings could be made on behalf of a legislator during a 30-day period prior to a primary or general election in which the legislator is a candidate; Within 10 days after beginning their jobs, all legislative employees must file a public document that lists the person's name, salary and other compensation, work address and telephone number, a general description of the duties and listing of time and attendance obligations.

Legislation: Local ethics codes. - New York's Commission proposes that the Legislature establish minimum standards of conduct for local governmental officials. A public hearing on that proposal was set for November 22, 1988.

Legislation: Ethics Act to take effect. - New York's Commission on Government Integrity was designed to be a temporary agency. Initially it was funded for one year and was later granted funds to carry it through March 1989. New York adopted its Ethics in Government Act in July 1987 to take effect in January 1989. This Act creates an ethics commission which includes some public members for the executive branch of state government, a commission comprising only legislators for the legislative branch, a commission for the judicial branch which will take effect in 1991, and a commission for local government ethics.

Legislation: New York City Conflict of Interest Board. - On November 8, 1988 New York City's voters revised the City's charter to rename its Board of Ethics

the Conflict of Interests Board and to give it new powers. The Board's members are reduced from 5 to 3. The revised board has new powers to impose penalties. The Mayor is to appoint members by January 1, 1989. The new body is to adopt its procedural rules by December 1989, and the new effort is to take effect at the start of 1990. For information consult New York City Charter Revision Committee, 11 Park Place, Room 1616, New York, New York 10007. Also Priscilla Lundin Counsel/Executive Director and Peter Zimroth, Corporation Counsel, New York City Board of Ethics, 280 Broadway, New York, NY 10007, (212) 566-4900.

NORTH CAROLINA

Board of Ethics
116 West Jones Street
Raleigh, North Carolina 27603-8003
(919) 733-5103

Administrative Assistant: Mildred M. Donavant

North Carolina reports no significant legislation or litigation.

NORTH DAKOTA

Secretary of State's Office
Capitol Bldg.
Bismark, North Dakota 58505
(702) 224-2900

Secretary of State: Ben Meier

North Dakota reports no significant legislation or litigation.

OHIO

Ohio Ethics Commission
8 East Long Street, Suite 1200
Columbus, Ohio 43215
(614) 466-7090

Executive Director: Melissa Warheit

Litigation: Financial disclosure. - On February 21, 1988, the U.S. Supreme Court rejected an appeal by Ray Morgan, who ran unsuccessfully for Clark County Commission in 1984. Morgan had claimed that Ohio's financial disclosure law is unconstitutional.

Litigation: "Knowingly". - The Ohio Supreme Court voted 7-0 to uphold the Cuyahoga County Common Pleas Court conviction of Arnold Pinkney for violating SECTION 2921.42 (A)(1) of the Ohio Revised Code, which prohibits a public official from knowingly authorizing a public contract in which he has an interest.

While a member of the Cleveland-Cuyahoga County Port Authority, Pinkney co-signed a check payable to his insurance company for liability insurance for members of the Port Authority.

In interpreting Section 2921.42(A)(1), the Court held that, "knowledge by a public official that certain conduct is unlawful is not an element of the crime of his 'knowingly' authorizing a public contract in which he has an interest, as set forth in R.C. 2921.42(A)." In upholding the conviction, the Court acknowledged that any personal reward to the defendant was minimal, and there was no apparent attempt at deception.

Legislation: Ethics Codes for school boards. - House Bill 786, sponsored by Rep. Ray Miller would require members of, and candidates for, school boards of education to file a financial disclosure statement with the Ohio Ethics Commission. The bill was introduced February 12, 1988, and referred to the House Ethics and Standards committee; it did not pass.

Legislation: Postemployment. - A lengthy, complex hazardous waste siting bill included, to the surprise of the Ohio Ethics Commission, a provision prohibiting a former official who had been charged with making hazardous waste siting decisions representing a client for pay in connection with hazardous waste siting for a period of 2 years after leaving government service.

Legislation: Public officials to account for their contributions. - In mid November Ohio revamped its system for issuing motor vehicle license plates. Each county has 1 or more so-called Deputy Registrars appointed to issue license plates. To register your automobile in Ohio you must make an annual trek to the Deputy Registrar. The Legislature has not provided for automatic or mail registration. These registrars are, by all reports, political plums. As part of the revamping of the system, registrars are required to report annually a list of their campaign contributions made by them or their spouses. The new law provides no penalty for failure to comply but imposes a whopping \$10,000 penalty for incorrect filing.

OKLAHOMA

Ethics Commission

B-2A State Capitol

Oklahoma City, OK 73105-4802

Marilyn Hughes, Acting Executive Director

(405) 521-3451

Legislation: Charitable solicitations. - In a letter to state Chief Justice James Doolin, Governor Henry Bellmon requested a review of the Code of Judicial Conduct and in particular, a modification of the restrictions applied to members of the Oklahoma Ethics Commission. One canon of the code would prohibit ethics panel members from engaging in charitable activities, such as fund raising for religious, educational or civic organizations. Bellmon asked for a distinction to be made in the code as it applies to ethics commissioners in order to recognize the differences between full-time, paid judges and part-time, volunteer commissioners. Bellmon warned that if not modified, the number of civic-minded candidates for commissioner positions would be reduced, affecting the public policy behind the Ethics Act.

OREGON

Oregon Government Ethics Commission
700 Pringle Parkway, SE, 1st Floor
Salem, Oregon 97310-1360
(503) 378-5105
Executive Director: Betty J. Reynolds

Litigation: Gifts of Travel. - Oregon law prohibits public officials from accepting for themselves or their families a gift valued at more than \$100. Excluded from "gift" is "food, lodging and travel when participating in an event which bears a relationship to the public official's office and when appearing in an official capacity." Two city officials, traveling on business that fell within the exception, had their spouses accompany them at the expense of another entity. The Commission found both officials guilty of obtaining travel for their spouses. The officials have taken their case to the Court of Appeals which heard arguments on September 12th. As of December 1, 1988 a decision had not been rendered.

PENNSYLVANIA

State Ethics Commission
308 Finance Bldg.
PO Box 11470
Harrisburg, Pennsylvania 17108-1470
(717) 783-1610
Executive Director: John J. Contino

Legislation: Recodification; sunset review. - As previously reported, the Pennsylvania State Ethics Commission is currently undergoing a sunset review process. Pursuant to this process, the General Assembly of Pennsylvania must enact legislation to recreate the Pennsylvania State Ethics Commission or the agency must terminate its existence. The original termination schedule for the Pennsylvania Ethics Commission was set for December 31, 1987. The Pennsylvania House of Representatives passed HB 1733, Printer's No. 2623, recreating the State Ethics Commission and providing for various additional powers and duties of the agency. That legislation has now been referred to the Pennsylvania State Senate for review and consideration. The Leadership Committee of the Pennsylvania General Assembly authorized a six month extension of the sunset date of the commission during which time the Pennsylvania State Senate will review the legislation already passed by the Pennsylvania House of Representatives. A second six month extension was provided to keep the Commission in business through the end of 1988. Pennsylvania law permits only 2 of these extensions. The Senate is expected to pass legislation reauthorizing the Commission during the last week of November. Resolution of House and Senate versions will likely come in December.

Litigation: Separation of powers. - *Maunus v. State Ethics Commission*, Pa. Commw. Ct. 515 A 2d 83. (1986). Argument before the Supreme Court of Pennsylvania in the case of *Maunus v. State Ethics Commission* were set for April

1988. This case involved the issue of whether full-time, publicly employed attorneys are required to file Statements of Financial Interests pursuant to the provisions of the Pennsylvania State Ethics Act. The lower court had ruled that such attorneys were exempt from the filing requirement based upon the decision that the requirement was unconstitutional as applied to full-time, publicly employed attorneys. The court reasoned that such legislatively enacted provisions were a violation of the constitutional separation of powers doctrine. On June 23, 1987, the Supreme Court of Pennsylvania granted a Petition for Permission to Appeal in the matter and said Appeal/Argument were scheduled for April, 1988.

On August 10, the Pennsylvania Supreme Court unanimously decided that the financial disclosure provisions of the Pennsylvania State Ethics Act are applicable to full-time, publicly employed attorneys. The decision reversed a Commonwealth Court ruling that had declared the disclosure provisions unconstitutional as applied to attorneys, based upon the theory that such legislative enactment encroached upon the inherent and exclusive regulating authority of the judiciary thus violating the separation of powers doctrine. See: *Maunus vs. State Ethics Commission* No. 38 M.D. Appeal Dkt. 1987, August 10, 1988.

Litigation: Enforcement of ethics code. - In *Fee vs. State Ethics Commission*, Pa. Commw. Ct., 540 A. 2d 1385 (1988) the Commonwealth Court upheld the authority to enforce State Ethics Commission orders requiring the payment of restitution of financial gains received in violation of the State Ethics Act.

Litigation: Nepotism; home rule. - In Philadelphia three Philadelphia City Council Members hired their spouses to work in their legislative offices. Pennsylvania Ethics Commission has brought an action against them, not under a specific nepotism statute, but under a more general provision forbidding use of office to obtain gain for self and family. Among arguments cited by the Council Members and defense is that Philadelphia, having been granted "home rule", is exempt from the provisions of the state's ethics act.

Litigation: Interstate compacts. - The Delaware River port authority is a 16 member authority created by agreement of Pennsylvania and New Jersey. Each state sends 8 members to this body. The Pennsylvania Ethics Commission claims that Pennsylvania's ethics law applies to Pennsylvania's representatives to this commission. In an action for declaratory judgement, someone takes a different view. The claim is made that because this is a bi-state commission one state cannot impose qualifications or restraints upon some of the members without the concurrence of the other state. The Pennsylvania Ethics Commission's staff expects this matter to be heard in 1989. The resolution may be in 2 or 3 years.

RHODE ISLAND

Ethics Commission
Room 220, 10 Dorrance Street
Providence, Rhode Island 02903
(401) 277-3790
Executive Director: Mark Eckstein

Administrative action. - Rhode Island's code applies to state, county, and municipal employees. Out of 5,000 persons required to file, there were approximately 1500 non-filers. The Ethics Commission hasn't had the resources to file complaints against all non-filers. There was to be a public hearing at the end of November at which the Commission was to have proposed changes in its administrative rules so the Commission will be able to take enforcement action against all the non-filers.

SOUTH CAROLINA

State Ethics Commission
P.O. Box 11926
Columbia, South Carolina 29211
(803) 734-1227
Executive Director: Gary R. Baker

Legislation: Penalties for late filings. - Legislation providing for levying of fines by the State Ethics Commission for late filing or nonfiling of required statements passed the House and was later amended by the Senate in a way that the Ethics Commission found made the legislation unworkable. The Ethics Commission asked that the bill be withdrawn, and it was. New ethics legislation is foreseen for 1989.

SOUTH DAKOTA

Secretary of State's Office
500 E. Capitol, Suite 204
Pierre, South Dakota 57501-5077
(605) 773-3537
Secretary of State: Joyce Hazeltine

South Dakota reports no significant legislation or litigation.

TENNESSEE

Senate Ethics Committee
Suite G-7
War Memorial Building
Nashville, TN 37219
(617) 741-4856
Legal counsel: Nathan Ridley

Tennessee reports no significant legislation or litigation.

TEXAS

State Ethics Advisory Commission
PO Box 13485, Capitol Station
Austin, Texas 78711-3485
(512) 463-5655
Chairman: Harold Hammett

Texas reports no significant legislation or litigation.

UTAH

Office of the Attorney General of Utah
236 State Capitol
Salt Lake City, UT 84114
Ralph Finlayson, Asst. Attorney General
(801) 538-1021

Utah reports no significant legislation or litigation.

VERMONT

Secretary of State's Office
Pavillion Office Bldg.
Montpelier, Vermont 05602
(802) 828-2363
Secretary of State: James H. Douglas

In March 1988, the governor issued an executive order establishing a code of ethics for all gubernatorial appointees. Appointees are required to file a statement of financial interests. Appointees must agree not to lobby for one year after they leave state employment. But Secretary of State Jim Douglas call the order unenforceable and plans to ask the next legislative session to establish an ethics code for state and local executive branch officials.

VIRGINIA

Office of the Secretary of the Commonwealth
101 North 8th Street
Richmond, VA 23219
(804) 786-8109
Assistant Attorney General: Gregory J. Haley

Virginia reports no significant legislation or litigation.

WASHINGTON

State Public Disclosure Commission
403 Evergreen Plaza Bldg., FJ-42
Olympia, Washington 98504-3342
(206) 753-1111
Executive Director: Graham E. Johnson

Washington reports no significant legislation or litigation.

WEST VIRGINIA

Legislative Services
132 East State Capitol
Charleston, WV 25305
(304) 348-2040
Angela White

Legislation: No ethics code this year. - A comprehensive ethics bill passed one house but not the other. Look for possible legislation from the next session of the legislature.

WISCONSIN

Wisconsin State Ethics Board
125 South Webster Street
Madison, Wisconsin 53702
(608) 266-8123
Executive Director: R. Roth Judd

Legislation: Burden of proof altered. - It is now easier to prove a violation of Wisconsin's ethics code. A violation must now be established by clear and convincing evidence in an administrative proceeding. Formerly the Board had to prove its case "beyond a reasonable doubt," even in a civil case.

Legislation: Penalties increased. - The penalty for a violation of Wisconsin's ethics code has been increased from \$500 to \$5,000 plus any economic benefit derived improperly.

WYOMING

Secretary of State's Office
State Capitol
Cheyenne, Wyoming 82002-0020
(307) 777-7186
Deputy Secretary of State: Margy White

Wyoming reports no significant legislation or litigation.

UNITED STATES (FEDERAL)

Office of Government Ethics
1625 K Street, N.W. Suite 400
PO Box 14108
Washington, D.C. 20044
(202) 632-7642
Director: Frank Q. Nebeker

Legislation: Ethics office reauthorized. - Public Law 100-598 was signed November 3, 1988. This law reauthorizes the Office of Government Ethics grants of new enforcement authority. This act extends the office's lease on life for another 6 years. The office of Governmental Ethics will become an independent agency as of September 1989. Currently it is a part of the Office of Personnel Management. This law also establishes procedures whereby the Capitol Office may order corrective action by employees.

Legislation: Postemployment provision vetoed - The President has vetoed H. R. 40-53 which would have established post employment restraints upon employees of the Executive Branch. There continues to be considerable controversy about the measure's merits. One government official familiar with this bill indicated that this bill established good policy and procedure until its final days. Then, its effectiveness was compromised in its last 2 days before the Congress when it became "an arcane and disastrous piece of legislation." The bill was passed on a voice vote, arguably because no one wanted to be recorded on a roll call on this issue on the days prior to November's election.

In mid November 1988 there was enacted a bill establishing post employment provisions for procurement personnel in the Office of Federal Procurement Policy. (Was this legislation or rule)

Litigation: Nepotism. - *United States vs Lund*, 853 Fed. 2d 242 (4th Circuit, 1988 reversing 670 F.Supp. 654 (east district of Virginia)) involved a proceeding against a U.S. Government employee who had recommended promotion and pay increase for his spouse who was also an employee of the U. S. Government. The defendant argued that his action could not contravene laws regulating conflicting interests because his actions involved the internal affairs of the United States Government rather than a conflict of the U. S. Government and a separate organization. He lost.

Administrative action? We'll see. - Saying he's "personally disturbed" and "tired of being embarrassed" by the ethical lapses in government, George Bush proposed establishing a "strict code of ethics" and a new ethics panel in the White House to "avoid the excesses of the past".

Bush said he was critical of corruption at the White House but said this did not include President Reagan.

Bush said people should "come to serve, not to profit" when taking a government job. As to whether his code of ethics would apply to subordinates who lie to Congress, Bush said "I haven't drawn up the code of ethics. Certainly, telling the truth should be part of it."

CANADA

Assistant Deputy Registrar General of Canada
207 Queen Street
Ottawa, Ontario, Canada K1A 0C9
(613) 995-0721

Assistant Deputy Registrar General of Canada: Jean-Pierre Kingsley

Legislation: Ethics Commission. - Canadian Prime Minister Brian Mulroney's Conservative government introduced conflict-of-interest legislation which would have applied to all members of Parliament, as well as to cabinet ministers, opposition-party leaders and parliamentary secretaries. The legislation called for disclosure of all private interests to a new three-member commission, which to be appointed by the government after consultations with opposition parties. The new commission was to assist members of Parliament to avoid conflicts when arranging their affairs. Penalties were to be levied at the discretion of Parliament.

The legislation was tabled in the House of Commons and did not pass. There are expectations that the legislation will be reintroduced in the new Parliament and pass.

NEWFOUNDLAND

Lieutenant-Governor James McGrath announced during the throne speech that the second phase of a two-tiered program to oversee conflict of interest is being established. The first stage was the establishment of a panel to review administrative decisions relating to the Newfoundland public service and conflicting interests. The second stage is establishment of a tribunal to oversee standards of conduct for cabinet ministers.

ONTARIO

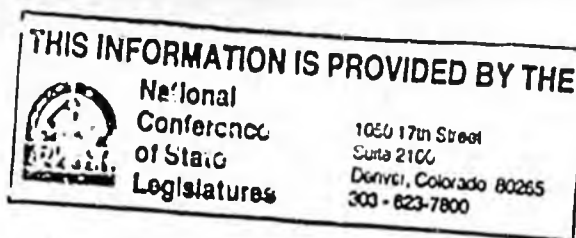
Policy Development Division
Ministry of the Attorney General
18 King Street East, 15th floor
Toronto, Ontario M5C 1C5
(416) 965-0577
Karen Cohl

On February 9, 1988, the Ontario Legislature passed a bill requiring all members to disclose their assets to a conflicts commissioner. The 100 MPP's who are not in the cabinet have until mid-June to disclose to the commissioner their assets and those of their immediate family. All 30 cabinet ministers have already made such declarations. The ministers are to place their assets in a management trust, which, unlike a blind trust, allows them to keep track of what they own. They are to withdraw from cabinet discussions on matters in which they have an interest. The opposition parties opposed the legislation, contending that the provisions of the act permitting ministers to retain their assets could put them in a conflict. The opposition argued that the public has no way of knowing whether ministers withdraw from cabinet discussions, and while the Cabinet is keeping a list of which ministers declare a conflict of in-

terest, the list will be available only to the conflict commissioner, who will be a servant of the Legislature, and not the public unless he decides to make the complaint public after receiving a complaint. MPP's will be permitted to own businesses, but will be forbidden from participating in any decisions which could further their private interests.

END

08987



LEGISLATIVE RESEARCH

S-420 State Capitol, Salem, OR 97310-1316

(503) 378-8871

87:272

TO: Representative Peg Jolin
FROM: Shelby J. Crawford, Research Analyst
SUBJECT: "Revolving Door" Laws
DATE: March 12, 1987

You asked Legislative Research to provide information regarding the advantages and disadvantages of the "revolving door" employment policy. This memorandum provides background information on the policy and summarizes state laws that provide for some form of post-employment restriction.

BACKGROUND

Many believe that public confidence in the integrity of elected and appointed officials is essential for effective government. And according to one author, the independence of the regulatory process is a crucial factor of that confidence.¹ An examination of this independence presents a major concern regarding the appearance of impropriety and also conflict of interest, particularly in the "revolving door" practice of some states.

The term "revolving door" has been used to describe the interchange of personnel between public and private sector. But recently, there has been additional concern about the revolving door between state agency heads and the industries they regulate. Some believe that such an interchange hinders an agency's effectiveness and independence. For example, the impartiality with which the agency exercises its independence may be compromised when significant numbers of policymakers come from the regulated industry. According to one source, an industry that employs a former government official might anticipate preferential treatment.² But others believe that an industry cannot adequately

¹Edna Earle Vass Johnson, "Agency 'Capture': The 'Revolving Door' Between Regulated Industries and Their Regulating Agencies," 18 U. Rich. L. Rev. 95 (1983).

²*Ibid.*, p. 96.

serve its clientele without knowing how the government process works, "having a feel for likely new directions and preparing [their clientele] to live in tomorrow's regulatory environment."³

As indicated, the revolving door situation may be both useful as well as dangerous. Some of the potential dangers include:

- (1) Can the regulatory agency be unduly influenced by former government officials or employees in the performance of its regulatory functions?
- (2) Do former agency employees seek and receive special favors from their former friends and colleagues in the agency that are not available to others?
- (3) Is confidential information made available to regulatory or government agencies?
- (4) What is the potential for disloyalty if the "revolving door" is perceived as an opportunity for future gratification?
- (5) Has government service become a training ground for insincere and self-serving government employees?
- (6) Will former industry employees who have entered agency employment through political appointment, or otherwise, unduly influence the activities of the regulatory agency for the benefit of their former private employer?

On the other hand, there are certain benefits to be gained by regulatory agencies and the public resulting from the revolving door practice. For example, it is significant to our political system that each new administration appoint top level officials in accordance with its philosophy. In order to recruit high quality individuals for government service, there must not be undue restrictions on their movement back into the private sector. 'New blood' is infused into the agencies when former industry personnel enter government service. Former industry employees bring new perspectives, ideas, and knowledge to the agency allowing the regulatory process to be more responsive to the real world of industry.

³Robert H. Mundheim, "Conflict of Interest and the Former Government Employee: Rethinking the Revolving Door," 14 Creighton L. Rev. 707 (Spring 1980/81).

The efficiency and quality of the relationship between industry and its regulatory agency can be enhanced when former agency employees are employed by or represent private organizations. Former agency employees can serve to educate and inform their private employers and the public of the workings of the agency. That is, understanding agency procedures, policies, and regulations provides a climate for more effective communication between an industry and its regulatory agency. Further, if the revolving door between the regulated industry and its regulating agency is hindered, an elite core of unresponsive government servants could result.

OTHER STATES

According to one source, at least 25 states have adopted some type of post-employment restrictions with regard to government employees.⁴ In addition, some states prohibit legislators or state employees from using their office to seek advantages. For example, Hawaii law provides that such individuals may not use their current employment to seek other employment or contract services.⁵ And under Arizona law, officers and employees are prohibited from representing another person before a public agency of past employment within the preceding 12 months.⁶

Florida and Iowa post-employment restrictions are specifically targeted toward unethical practices of former regulatory commissions. In Iowa, the law prohibits individuals who have served on such commissions from accepting compensation or rendering special favors with respect to licenses, contracts, certificates, or in promoting the passage of certain bills or resolutions before the legislature.⁷ Florida prohibits former commissioners of the Public Service Commission from appearing before the commission representing a client or any industry regulated by the commission for a period of two years following termination of commission service.⁸

⁴Neal R. Price, "The Ethics of Revolving-Doorism," Boston Globe, June 23, 1986.

⁵Hawaii Rev. Stat. § 84-13(1).

⁶Ariz. Rev. State Ann. § 38-504.

⁷Iowa Code Ann. § 68B.7.

⁸Fla. Stat. Ann. § 350.0605(1)

CODE OF ETHICS FOR PUBLIC OFFICIALS AND EMPLOYEES
(Text as of July 1, 1985 and reflecting
1985 Wisconsin Acts 1 - 29)

19.41 Declaration of policy. (1) It is declared that high moral and ethical standards among state public officials and state employees are essential to the conduct of free government; that the legislature believes that a Code of Ethics for the guidance of state public officials and state employees will help them avoid conflicts between their personal interests and their public responsibilities, will improve standards of public service and will promote and strengthen the faith and confidence of the people of this state in their state public officials and state employees.

(2) It is the intent of the legislature that in its operations the board shall protect to the fullest extent possible the rights of individuals affected.

19.42 Definitions. In this subchapter:

(1) "Anything of value" means any money or property, favor, service, payment, advance, forbearance, loan, or promise of future employment, but does not include compensation and expenses paid by the state, fees, honorariums and expenses which are permitted and reported under s. 19.56, political contributions which are reported under ch. 11, or hospitality extended for a purpose unrelated to state business by a person other than an organization.

(2) "Associated", when used with reference to an organization, includes any organization in which an individual or a member of his or her immediate family is a director, officer or trustee, or owns or controls, directly or indirectly, and severally or in the aggregate, at least 10% of the outstanding equity.

(3) "Board" means the ethics board.

(4) "Candidate for state public office" means any individual who files nomination papers and a declaration of candidacy under s. 8.21 for the purpose of appearing on the ballot for election as a state public official or any individual nominated for the purpose of appearing on the ballot for election as a state public official through the write-in process or by appointment to fill a vacancy in nomination and who files a declaration of candidacy under s. 8.21.

(5) "Department" means the legislature, the university of Wisconsin system, any authority or public corporation created and regulated by an act of the legislature and any office, department, independent agency or legislative service agency created under ch. 13, 14, or 15, any vocational, technical and adult education district or any constitutional office other than a judicial office.

(6) "Gift" means the payment or receipt of anything of value without valuable consideration.

(7) "Immediate family" means:

(a) An individual's spouse; and

(b) An individual's relative by marriage, lineal descent or adoption who receives, directly or indirectly, more than one-half of his or her support from the individual or from whom the individual receives, directly or indirectly, more than one-half of his or her support.

(7m) "Income" has the meaning given under section 61 of the internal revenue code.

(7s) "Internal revenue code" has the meaning given under s. 71.02(1)(a) and (2)(b).

(8) "Ministerial action" means an action that an individual performs in a given state of facts in a prescribed manner in obedience to the mandate of legal authority, without regard to the exercise of the individual's own judgment as to the propriety of the action being taken.

(9) "Nominee" means any individual who is nominated by the governor for appointment to a state public office and whose nomination requires the advice and consent of the senate.

(10) "Official required to file" means:

(a) A member of the elections board.

(b) A member of a district board or district director of vocational, technical and adult education, or any individual occupying the position of assistant, associate or deputy district director of vocational, technical and adult education.

(c) A state public official identified under s. 20.923 except s. 20.923(6)(h).

(d) A state public official whose appointment to state public office requires the advice and consent of the senate, except a member of the board of directors of the Bradley center sports and entertainment corporation created under ch. 232.

NOTE: The treatment of s. 19.42(10)(d) took effect July 19, 1985.

(e) An individual appointed by the governor pursuant to s. 17.20(2) other than a trustee of any private higher educational institution receiving state appropriations.

(f) An auditor of the legislative audit bureau.

(g) The chief clerk and sergeant at arms of each house of the legislature.

(h) The members and employes of the Wisconsin housing and economic development authority, except clerical employes.

(i) A municipal judge.

(11) "Organization" means any corporation, partnership, proprietorship, firm, enterprise, franchise, association, trust or other legal entity other than an individual or body politic.

(12) "Security" has the meaning given under s. 551.02(13), except that term does not include a certificate of deposit or a deposit in a mutual savings and loan association, mutual savings bank, credit union, or similar association organized under the laws of any state.

(13) "State public office" means:

(a) All positions to which individuals are regularly appointed by the governor, except the position of trustee of any private higher educational institution receiving state appropriations.

(b) The positions of associate and assistant vice presidents of the university of Wisconsin system and vice chancellors identified in s. 20.923(5).

(c) All positions identified under s. 20.923(2), (4), (6)(f) to (h) and (8) to (10), except clerical positions.

(d) A member of the pharmacy internship board.

(e) The chief clerk and sergeant at arms of each house of the legislature or a full-time, permanent employe occupying the position of auditor for the legislative audit bureau.

(f) A member of a district board or district director of vocational, technical and adult education, or any position designated as assistant, associate or deputy district director of vocational, technical and adult education.

(g) The members and employes of the Wisconsin housing and economic development authority, except clerical employes.

(h) A municipal judge.

(14) "State public official" means any individual holding a state public office.

19.43 Financial disclosure. (1) Each individual who in January of any year is an official required to file shall file a statement of economic interests with the board no later than April 30 of that year. The information contained on such statement shall be current as of December 31 of the preceding year.

(2) An official required to file shall file a statement of economic interests with the board as per the date he or she assumes office no later than 21 days following that date if the official has not previously filed a statement of economic interests with the board during that year.

(3) A nominee shall file a statement of economic interests with the board as per the date he or she was nominated within 21 days of being nominated unless the nominee has previously filed a statement of economic interests with the board during that year. Following the receipt of a nominee's statement of economic interests, the board shall forward copies of such statement to the members of the committee of the senate to which the nomination is referred.

(4) A candidate for state public office shall file a statement of economic interests with the board no later than the end of the 3rd day following the deadline for filing nomination papers for the office which the candidate seeks, or the end of the 3rd day following notification of nomination in the case of a write-in candidate or candidate appointed to fill a vacancy in nomination under s. 8.35(2)(a). The information contained on the statement shall be current as of December 31 of the year preceding the filing deadline. Before certifying the name of any candidate for state public office under s. 7.09(2)(a), the elections board shall ascertain whether that candidate has complied with this subsection. If not, the elections board may not certify the candidate's name for ballot placement.

(5) Each member of the investment board and each employe of the investment board identified in s. 20.923 shall complete and file with the ethics board a quarterly report of economic transactions no later than the last day of the month following the end of each calendar quarter during any portion of which he or she was a member of

the investment board. Such reports of economic transactions shall be in the form prescribed by the ethics board and shall identify the date and nature of any purchase, sale, put, call, option, lease, or creation, dissolution or modification of any economic interest made during the quarter for which the report is filed and disclosure of which would be required by s. 19.44 if a statement of economic interests were being filed.

(7) ~~In any case where~~ If an official required to file has failed fails to make a timely filing, the board shall promptly thereafter ~~notify~~ provide notice of the delinquency to the state treasurer of such delinquency and to the chief executive of the department of which the official's office or position is a part, or to the clerk of the municipality of which the official's office is a part, or in the case of a justice, court of appeals judge or circuit judge, to the director of state courts. Upon such notification both the state treasurer and the department, municipality or director shall withhold all payments for compensation, reimbursement of expenses and other obligations to ~~such the official until the statement of economic interests is filed~~ board notifies the officers to whom notice of the delinquency was provided that the official has complied with this section.

NOTE: The treatment of s. 19.43(7) took effect July 20, 1985. 1985 Wisconsin Act 29.

(8) On its own motion or at the request of any individual who is required to file a statement of economic interests, the board may extend the time for filing or waive any filing requirement if the board determines that the literal application of the filing requirements of this subchapter would work an unreasonable hardship on that individual or that the extension of the time for filing or waiver is in the public interest. The board shall set forth in writing as a matter of public record its reason for the extension or waiver.

19.44 Form of statement. (1) Every statement of economic interests which is required to be filed under this subchapter shall be in the form prescribed by the board, and shall contain the following information:

(a) The identity of any organization with which the individual required to file is associated and the nature of his or her association with the organization, except that no identification need be made of:

1. Any organization which is described in section 170(c) of the internal revenue code.

2. Any organization which is organized and operated primarily to influence voting at an election including support for or opposition to an individual's present or future candidacy or to a present or future referendum.

3. Any nonprofit organization which is formed exclusively for social purposes and any nonprofit community service organization.

4. A trust.

(b) The identity of every organization or body politic in which the individual who is required to file or that individual's immediate family, severally or in the aggregate, owns, directly or indirectly, securities having a value of \$5,000 or more, the identity of such securities and their approximate value, except that no identification need be made of a security or issuer of a security when it is issued by any organization not doing business in this state or by any government or instrumentality or agency thereof,

or an authority or public corporation created and regulated by an act of such government, other than the state of Wisconsin, its instrumentalities, agencies and political subdivisions, or authorities or public corporations created and regulated by an act of the legislature.

(c) The name of any creditor to whom the individual who is required to file or such individual's immediate family, severally or in the aggregate, owes \$5,000 or more and the approximate amount owed.

(d) The real property located in this state in which the individual who is required to file or such individual's immediate family holds an interest, other than the principal residence of the individual or his or her immediate family, and the nature of the interest held. An individual's interest in real property does not include a proportional share of interests in real property if the individual's proportional share is less than 10% of the outstanding shares or is less than an equity value of \$5,000.

(e) The identity of each payer from which the individual who is required to file or a member of his or her immediate family received \$1,000 or more of his or her income for the preceding taxable year, except that if the individual who is required to file identifies the general nature of the business in which he or she or his or her immediate family is engaged, then no identification need be made of a decedent's estate or an individual, not acting as a representative of an organization, unless the individual is a lobbyist as defined in s. 13.62. In addition, no identification need be made of payers from which dividends or interest, compensation or reimbursement of expenses reported under s. 19.56, and political contributions reported under ch. 11 were received.

(f) If the individual who is required to file or a member of his or her immediate family received \$1,000 or more of his or her income for the preceding taxable year from a partnership, corporation electing to be taxed as a partnership under subchapter S of the federal internal revenue code or service corporation under s. 180.99 in which the individual or a member of his or her immediate family, severally or in the aggregate, has a 10% or greater interest, the identity of each payer from which the organization received \$1,000 or more of its income for its preceding taxable year, except that if the individual who is required to file identifies the general nature of the business in which he or she or his or her immediate family is engaged then no identification need be made of a decedent's estate or an individual, not acting as a representative of an organization, unless the individual is a lobbyist as defined in s. 13.62. In addition, no identification need be made of payers from which dividends or interest are received.

(g) The identity of each person from which the individual who is required to file received, directly or indirectly, any gift or gifts having an aggregate value of more than \$50 within the taxable year preceding the time of filing, except that the source of a gift need not be identified if the donor is the donee's parent, grandparent, child, grandchild, brother, sister, parent-in-law, grandparent-in-law, brother-in-law, sister-in-law, uncle, aunt, niece, nephew, spouse, fiance or fiancée.

(h) Lodging, transportation, money or other things of pecuniary value reportable under s. 19.56(2).

(2) Whenever a dollar amount is required to be reported pursuant to this section, it is sufficient to report whether the amount is not more than \$50,000, or more than \$50,000.

(3)(a) An individual is the owner of a trust and the trust's assets and obligations if he or she is the creator of the trust and has the power to revoke the trust without obtaining the consent of all of the beneficiaries of the trust.

(b) An individual who is eligible to receive income or other beneficial use of the principal of a trust is the owner of a proportional share of the principal in the proportion that the individual's beneficial interest in the trust bears to the total beneficial interests vested in all beneficiaries of the trust. A vested beneficial interest in a trust includes a vested reverter interest.

(4) Information which is required by this section shall be provided on the basis of the best knowledge, information and belief of the individual filing the statement.

19.45 Standards of conduct. (1) The legislature hereby reaffirms that a state public official holds his or her position as a public trust, and any effort to realize substantial personal gain through official conduct is a violation of that trust. This subchapter does not prevent any state public official from accepting other employment or following any pursuit which in no way interferes with the full and faithful discharge of his or her duties to this state. The legislature further recognizes that in a representative democracy, the representatives are drawn from society and, therefore, cannot and should not be without all personal and economic interest in the decisions and policies of government; that citizens who serve as state public officials retain their rights as citizens to interests of a personal or economic nature; that standards of ethical conduct for state public officials need to distinguish between those minor and inconsequential conflicts that are unavoidable in a free society, and those conflicts which are substantial and material; and that state public officials may need to engage in employment, professional or business activities, other than official duties, in order to support themselves or their families and to maintain a continuity of professional or business activity, or may need to maintain investments, which activities or investments do not conflict with the specific provisions of this subchapter.

(2) No state public official may use his or her public position or office to obtain financial gain or anything of substantial value for the private benefit of himself or herself or his or her immediate family, or for an organization with which he or she is associated.

(3) No person may offer or give to a state public official, directly or indirectly, and no state public official may solicit or accept from any person, directly or indirectly, anything of value if it could reasonably be expected to influence the state public official's vote, official actions or judgment, or could reasonably be considered as a reward for any official action or inaction on the part of the state public official. This subsection does not prohibit a state public official from engaging in outside employment.

(4) No state public official may intentionally use or disclose information gained in the course of or by reason of his or her official position or activities in any way that could result in the receipt of anything of value for himself or herself, for his or her immediate family, or for any other person if the information has not been communicated to the public or is not public information.

(5) No state public official may use or attempt to use his public position to influence or gain unlawful benefits, advantages or privileges for himself or others.

(6) No state public official, member of a state public official's immediate family, nor any organization with which the state public official or a member of the official's immediate family owns or controls at least 10% of the outstanding equity, voting rights, or outstanding indebtedness may enter into any contract or lease involving a payment or payments of more than \$3,000 within a 12-month period, in whole or in part derived from state funds unless the state public official has first made written disclosure of the nature and extent of such relationship or interest to the board and to the department acting for the state in regard to such contract or lease. Any contract or lease entered into in violation of this subsection may be voided by the state in an action commenced within 3 years of the date on which the ethics board, or the department or officer acting for the state in regard to the allocation of state funds from which such payment is derived, knew or should have known that a violation of this subsection had occurred. This subsection does not affect the application of s. 946.13.

(7)(a) No state public official who is identified in s. 20.923 may represent a person or organization for compensation before a department or any employe thereof, except:

1. In a contested case which involves a party other than the state with interests adverse to those represented by the state public official; or
2. At an open hearing at which a stenographic or other record is maintained; or
3. In matter that involves only ministerial action by the department; or
4. In a matter before the department of revenue or tax appeals commission that involves the representation of a client in connection with a tax matter.

(b) This subsection does not apply to representation by a state public official acting in his or her official capacity.

(8) Except in the case where the state public office formerly held was that of a legislator, legislative employe under s. 20.923(6)(f), (g) or (h), chief clerk of a house of the legislature, sergeant at arms of a house of the legislature or a permanent employe occupying the position of auditor for the legislative audit bureau:

(a) No former state public official, for 12 months following the date on which he or she ceases to be a state public official, may, for compensation, on behalf of any person other than a governmental entity, make any formal or informal appearance before, or negotiate with, any officer or employe of the department with which he or she was associated as a state public official within 12 months prior to the date on which he or she ceased to be a state public official.

(b) No former state public official, for 12 months following the date on which he or she ceases to be a state public official, may, for compensation, on behalf of any person other than a governmental entity, make any formal or informal appearance before, or negotiate with, any officer or employe of a department in connection with any judicial or quasi-judicial proceeding, application, contract, claim, or charge which might give rise to a judicial or quasi-judicial proceeding which was under the former official's responsibility as a state public official within 12 months prior to the date on which he or she ceased to be a state public official.

(c) No former state public official may, for compensation, act on behalf of any party other than the state in connection with any judicial or quasi-judicial proceeding, application, contract, claim, or charge which might give rise to a judicial or quasi-judicial proceeding in which the former official participated personally and substantially as a state public official.

(9) The attorney general may not engage in the private practice of law during the period in which he or she holds that office. No justice of the supreme court and no judge of any court of record may engage in the private practice of law during the period in which he or she holds that office.

(9m) No state public official or state employe who is employed in a state position full-time at an annual salary in excess of the current salary for the office of legislator established under s. 20.923(2) may hold any other position from which he or she receives income from the state exceeding \$5,000 per year. No department may employ any individual in violation of this subsection. Every department shall annually check to assure that no employe of the department violates this subsection. Any employe who is found in violation of this subsection shall be required to accept a termination or reduction in salary sufficient to bring the employe into compliance. This provision does not apply to those state public officials or state employes who accept other state employment during a period they are not receiving a full-time salary.

(10) This section does not prohibit a legislator from making inquiries for information on behalf of a person or from representing a person before a department if he or she receives no compensation therefor beyond the salary and other compensation or reimbursement to which the legislator is entitled by law, except as authorized under sub. (7).

(11) The legislature recognizes that all state public officials and employes should be guided by a code of ethics and thus:

(a) The administrator of the division of merit recruitment and selection in the department of employment relations shall, with the board's advice, adopt rules to implement a code of ethics for classified and unclassified state employes except state public officials subject to this subchapter, unclassified personnel in the university of Wisconsin system and officers and employes of the judicial branch.

(b) The board of regents of the university of Wisconsin system shall establish a code of ethics for unclassified personnel in that system who are not subject to this subchapter.

(c) The supreme court shall promulgate a code of judicial ethics for officers and employes of the judiciary and candidates for judicial office which shall include financial disclosure requirements. All justices and judges shall, in addition to complying with this subchapter, adhere to the code of judicial ethics.

19.46 Action Upon Conflict. (1)(a) Any state public official who, in the discharge of his or her official duties, is involved or about to be involved in any matter that could result in a material conflict of interests on his or her part shall:

1. Prepare a written statement describing such matter and the nature of the possible conflict of interests; and

2. Deliver copies of the statement to the board, to his or her immediate superior, if any, and in the case of a legislator to the presiding officer of his or her house, in the case of a justice, to the supreme court, in the case of a judge of the court of appeals, to the chief judge of the court of appeals, or in the case of a circuit judge, to the chief judge of the judicial administrative district; and

3. In the case of an official who is not a legislator, justice or judge, take no further action in regard to such matter except in accordance with advice from the board under para. (c).

(b) Where the presiding officer of either house of the legislature receives a statement from a member of the house under para. (a)2, the officer shall cause such statement to be printed in the journal and, upon request of the legislator, shall excuse him or her from votes, deliberations and other actions in regard to such matter.

(c) If a state public official is not a legislator, a justice or a judge, the official's superior, if any, shall assign the matter to another employe who does not have a possible conflict of interests. If the official has no immediate superior, he or she shall be guided by written advice from the board in regard to the matter. The board shall promptly review the written statement submitted by an official who has no immediate superior, and on the basis thereof and such further investigation of the matter as the board deems advisable the board shall as promptly as practicable advise such official in writing as to the course of action he or she should follow in regard to the matter. The provisions of sub. (2) and (3) concerning advisory opinions of the board apply to advice given under this paragraph.

(d) If the state public official is a justice of the supreme court, he or she shall decline to participate in the deliberations or decision of the matter concerning which the conflict exists. If the state public official is the judge of a court of record, he or she shall refrain from participation in and request reassignment of the matter concerning which the conflict exists.

(e) A material conflict of interests on the part of a state public official is deemed to exist within the meaning of this section in regard to a matter in which he or she is involved, or is about to be involved in the discharge of his or her official duties, whenever:

1. The official's action or failure to act could reasonably be expected to produce or assist in producing a substantial benefit, directly or indirectly, for such official or his or her immediate family or an organization with which he or she is associated; or

2. The matter in question is one in which the official in his or her private capacity or a member of his or her immediate family or an organization with which he or she is associated has a substantial interest.

NOTE: Effective July 20, 1985 the title is amended and s. 19.46(1) is repealed and recreated to read:

19.46 Conflict of Interest Prohibited; Exception. (1) Except in accordance with the board's advice under sub. (2) and except as otherwise provided in sub. (3), no state public official may:

(a) Take any official action substantially affecting a matter in which the official, a member of his or her immediate family, or an organization with which the official is associated has a substantial financial interest.

(b) Use his or her office or position in a way that produces or assists in the production of a substantial benefit, direct or indirect, for the official, one or more members of the official's immediate family either separately or together, or an organization with which the official is associated.

(2) Any individual, either personally or on behalf of an organization or governmental body, may request of the board an advisory opinion regarding the propriety of any matter to which the person is or may become a party; and any appointing officer, with the consent of a prospective appointee, may request of the board an advisory opinion regarding the propriety of any matter to which the prospective appointee is or may become a party. The board shall review a request for an advisory opinion and may advise the person making the request. Advisory opinions and requests therefor shall be in writing. The board's deliberations and actions upon such requests shall be in meetings not open to the public. It is prima facie evidence of intent to comply with this subchapter when a person refers a matter to the board and abides by the board's advisory opinion. The board may authorize the executive director to act in its stead in instances where delay is of substantial inconvenience or detriment to the requesting party. No member or employe of the board may make public the identity of the individual requesting an advisory opinion or of individuals or organizations mentioned in the opinion.

~~(3) A state public official may request the board to obtain an advisory opinion from the attorney general on the application of this subchapter to a given set of circumstances, real or hypothetical, or the board may request such an opinion on its own motion.~~

~~(4) (3) Nothing in this section prohibits~~ does not prohibit a state public official from making decisions taking any action concerning the lawful payment of salaries, salary-related or employe benefits or reimbursement of actual and necessary expenses, or prohibit a state public official from taking official action with respect to any proposal to modify state law or the state administrative code.

NOTE: The treatment of s. 19.46(3) and (4) took effect July 20, 1985. 1985 Wisconsin Act 29.

19.47 Operation. (1) The office of the board shall be in Madison, but the board may, after proper public notice and in compliance with subch. IV, meet or exercise any or all of its powers at any other place in this state.

(2) The board shall appoint an executive director outside the classified service to serve at the pleasure of the board. The executive director shall appoint such other personnel as he or she requires to carry out the duties of the board. The executive director shall perform such duties as the board assigns to him or her in the administration of this subchapter.

(3) All members and employes of the board shall file statements of economic interests with the board.

(4) Any action by the board shall require the affirmative vote of 4 of its members.

(5) No later than September 1 of each year, the board shall report to the legislature and the governor concerning its actions in the preceding fiscal year. Such report shall contain the names and duties of all individuals employed by the board and a summary of its determinations and advisory opinions. The board shall make sufficient alterations in the summaries to prevent disclosing the identities of individuals or organizations involved in the decisions or opinions. The report shall make such further reports on the matters within its jurisdiction and such recommendations for further legislation as it deems desirable.

(6) The joint committee on legislative organization shall be advisory to the board on all matters relating to operation of the board.

19.48 Duties of the board. The board shall:

(1) Adopt such rules as may be necessary to carry out this subchapter. The board shall give prompt notice of the contents of its rules to state public officials who will be affected thereby.

(2) Prescribe and make available forms for use under this subchapter.

(3) Accept and file any information related to the purposes of this subchapter which is voluntarily supplied by any person in addition to the information required by this subchapter.

(4) Preserve the statements of economic interests filed with it for a period of 6 years from the date of receipt in such form, including microfilming, as will facilitate document retention, except that:

(a) Upon the expiration of 3 years after an individual ceases to be a state public official the board shall, unless the former state public official otherwise requests, destroy any statement of economic interests filed by him or her and any copies thereof in its possession.

(b) Upon the expiration of 3 years after any election at which a candidate for state public office was not elected, the board shall destroy any statements of economic interests filed by him or her as a candidate for state public office and any copies thereof in the board's possession, unless the individual continues to hold another position for which he or she is required to file a statement, or unless the individual otherwise requests.

(c) Upon the expiration of 3 years from the action of the senate upon a nomination for state public office at which the senate refused to consent to the appointment of the nominee, the board shall destroy any statements of economic interests filed by him or her as a nominee and any copies thereof in the board's possession, unless the individual continues to hold another position for which he or she is required to file a statement, or unless the nominee otherwise requests. This paragraph does not apply to any individual who is appointed to state public office under s. 17.20(2).

(5) Except as provided in s. 19.55(2)(c), make statements of economic interests filed with the board available for public inspection and copying during regular office hours and make copying facilities available at a charge not to exceed actual cost.

(6) Compile and maintain an index to all statements of economic interests currently on file with the board to facilitate public access to such statements of economic interests.

(7) Prepare and publish special reports and technical studies to further the purposes of this subchapter.

(8) Report the identity of any individual seeking to copy or obtain information from a statement of economic interests in writing to the individual who filed it, as soon as possible.

19.49 Complaints. (1) The board shall accept from any individual, either personally or on behalf of an organization or governmental body, a verified complaint in writing which states the name of any person alleged to have committed a violation of this subchapter and which sets forth the particulars thereof. The board shall forward to the accused within 10 days a copy of the complaint and a general statement of the applicable statutes with respect to such verified complaint. If the board determines that the verified complaint does not allege facts sufficient to constitute a violation of this subchapter, it shall dismiss the complaint and notify the complainant and the accused. If the board determines that the verified complaint alleges facts sufficient to constitute a violation of this subchapter, it may make an investigation with respect to any alleged violation. If the board determines that the verified complaint was brought for harassment purposes, the board shall so state.

(2) Any state public official may request the board to make an investigation of his or her own conduct or of allegations made by other persons as to his or her conduct. Such a request shall be made in writing and shall set forth in detail the reasons therefor.

(3) Following the receipt of a verified complaint or upon the receipt of other information, whether or not under oath, that provides a reasonable basis for the belief that a violation of this subchapter has been committed or that an investigation of a possible violation is warranted, the board may investigate the circumstances concerning the possible violation. Such investigation shall be initiated by a resolution of the board and shall state the nature and purpose of the investigation and the actions or activities to be investigated. No investigation of any person may be commenced until it has been authorized by the board and until the person who is the subject of the investigation has been notified of the investigation pursuant to sub. (4). If the board, during the course of an investigation, finds probable cause to believe that a violation of this subchapter has occurred, it may:

(a) If no verified complaint has been filed, make upon its motion a verified complaint, which shall be in writing, shall state the name of the person who is alleged to have committed a violation of this subchapter and shall set forth the particulars thereof. The board shall forward to the accused within 10 days a copy of the complaint, a general statement of the applicable statutes with respect to such verified complaint and a specific statement enumerating the source or sources of information upon which the complaint is based.

(b) If a verified complaint has been filed and the board finds probable cause to believe that a violation of this subchapter, other than one contained in the complaint, has occurred, it may amend the complaint, upon its own motion, to include such violations. If the complaint is so amended by the board, a copy of the amendment shall be sent to the person complained against within 48 hours.

(4) As soon as it becomes apparent to the executive director that there exists probable cause for the belief that a particular person has committed a violation of this subchapter, the executive director shall apply to the board for a resolution authorizing the investigation and, if secured, shall mail a copy of the resolution to the alleged violator together with a notice informing the alleged violator that such person is the subject of the investigation authorized by such resolution and a general statement of the applicable statutes with respect to such investigation. Service of the notice is complete upon mailing.

(5) No action may be taken on any complaint which is filed later than 3 years after a violation of this subchapter is alleged to have occurred.

19.50 Investigations. Pursuant to any investigation or hearing conducted under this subchapter, the board has the power:

(1) To require any person to submit in writing such reports and answers to questions relevant to the proceedings conducted under this subchapter as the board may prescribe, such submission to be made within such period and under oath or otherwise as the board may determine.

(2) To administer oaths and to require by subpoena issued by it the attendance and testimony of witnesses and the production of any documentary evidence relating to the investigation or hearing being conducted. Notwithstanding s. 885.01(4), the issuance of a subpoena requires action by the board in accordance with s. 19.47(4).

(3) To order testimony to be taken by deposition before any individual who is designated by the board and has the power to administer oaths, and, in such instances, to compel testimony and the production of evidence in the same manner as authorized by sub. (2).

(4) To pay witnesses the same fees and mileage as are paid in like circumstances by the courts of this state.

(5) To request and obtain from the department of revenue copies of state income tax returns and access to other appropriate information under s. 71.11(4)(c) regarding all persons who are the subject of such investigation.

19.51 Probable cause of violation. (1) At the conclusion of its investigation, the board shall, in preliminary written findings of fact and conclusions based thereon, make a determination of whether or not probable cause exists to believe that a violation of this subchapter has occurred. If the board determines that no probable cause exists, it shall immediately send written notice of such determination to the accused and to the party who made the complaint. If the board determines that there is probable cause for believing that a violation of this subchapter has been committed, its preliminary findings of fact and conclusions may contain:

(a) A recommendation for criminal prosecution which shall be referred to the district attorney in whose jurisdiction the alleged violation occurred, and, if the district attorney fails to commence a prosecution within 30 days, to the attorney general, who may then commence a prosecution; or

b) An order setting a date for hearing before the board to determine whether a violation of this subchapter has occurred. Such order shall be served upon the accused. A hearing ordered under this paragraph shall be commenced within 30 days of the date it is ordered unless the accused petitions for and the board consents to a later date. Prior to any hearing ordered under this paragraph, the accused is entitled to full discovery rights including adverse examination of witnesses who will testify at the hearing at a reasonable time before the date of the hearing.

(2) The board shall inform the accused or his or her counsel of exculpatory evidence in its possession.

(3) If the board makes a recommendation for criminal prosecution under sub. (1), the district attorney to whom the recommendation is made shall, within 30 days of the receipt of such recommendation, make a decision whether to prosecute the party charged. The board shall give written notice of an referral under this subsection to the accused. The district attorney shall give written notice of the decision to the accused, the complainant and the board.

19.52 Hearing procedure. (1) Every hearing or rehearing under this subchapter shall be conducted in accordance with the requirements of ch. 227, except as otherwise expressly provided. During any investigation and during any hearing which is conducted to determine whether a violation of this subchapter has occurred, the person under investigation or the accused may be represented by counsel of his or her own choosing and the accused or his or her representative, if any, shall have an opportunity to challenge the sufficiency of any complaint which has been filed against him or her, to examine all documents and records obtained or prepared by the board in connection with the matter heard, to bring witnesses, to establish all pertinent facts and circumstances, to question or refute testimony or evidence, including the opportunity to confront and cross-examine adverse witnesses, and shall otherwise be able to exercise fully any pretrial discovery procedure usually available in civil actions. During any hearing conducted by the board to determine whether a violation of this subchapter has occurred, all evidence including certified copies of records which the board considers shall be fully offered and made a part of the record in the proceedings. The accused or any other person under investigation shall be afforded adequate opportunity to rebut or offer countervailing evidence. Upon request of the accused, the board shall issue subpoenas to compel the attendance of necessary witnesses.

(2) Any person whose name is mentioned or who is otherwise identified during a hearing being conducted by the board and who, in the opinion of the board, may be adversely affected thereby, may, upon request of the person or a representative of the person or upon the request of any member, appear personally before the board and testify on his or her own behalf or have a representative appear to so testify, and the board may permit any other person to appear and to testify at hearing.

(3) The standards of evidence and the burden of proof applicable to criminal proceedings shall apply to hearing under this section.

(4) After the conclusion of its hearing the board shall as soon as practicable begin deliberations on the evidence presented at such hearing and shall then proceed to determine whether the accused has violated this subchapter. If a hearing examiner is appointed under s. 227.09(1) and a majority of the members of the board were not present at the hearing, the board shall not begin deliberations until after the proposed decision is served and opportunity is given for arguments.

(5) Notwithstanding s. 227.09(1), the board may appoint any qualified individual as a hearing examiner.

19.53 Findings of fact and conclusions; orders and recommendations. If the board determines that no violation of this subchapter has occurred, it shall immediately send written notice of such determination to the accused and to the party who made the complaint. If the board determines that a violation of this subchapter has occurred, its findings of fact and conclusions may contain one or more of the following orders or recommendations:

(1) In the case of a state public official in the unclassified service, a recommendation that the state public official be censured, suspended, or removed from office or employment. Such recommendation shall be made to the appropriate appointing authority who may censure, suspend, or take action to remove the official from office or employment.

(2) In the case of a legislator, a recommendation that the individual be censured, suspended, or removed from office. Such recommendation shall be made to the appropriate house.

(3) In the case of a justice or judge, a recommendation that the justice or judge be reprimanded, censured, suspended or removed from office. Such recommendation shall be sent to the supreme court and the presiding officer of each house of the legislature.

(4) In the case of a state public official liable to impeachment, a recommendation that the official be removed from office. Such recommendation shall be referred to the assembly.

(5) An order requiring the accused to conform his or her conduct to this subchapter.

(6) An order requiring the accused to forfeit not more than \$500 for each violation of this subchapter. The attorney general, when so requested by the board, shall institute proceedings to recover any forfeiture incurred under this section which is not paid by the person against whom it is assessed.

(7) Such other recommendation or order as may be necessary and appropriate and is consistent with the intent and purposes of this subchapter.

19.54 Rehearings. (1) After the service upon the accused by the board of any decision under s. 19.53 containing an order or recommendation, the accused may apply to the board for a rehearing with respect to any matter determined in such decision as provided in s. 227.12.

(2) An application for rehearing is governed by such general rules as the board may establish. Only one rehearing may be granted by the board. No order of the board becomes effective until 20 days after it is issued, or while an application for rehearing or a rehearing is pending, or until 10 days after such application for rehearing is either denied, expressly or by implication, or the board has announced its final determination on rehearing.

19.55 Public inspection of records. (1) Except as provided in sub. (2), all records in the possession of the board are open to public inspection at all reasonable times. The board shall require an individual wishing to examine a statement of economic interests or the list of persons who inspect any statements which are in the board's possession to identify himself or herself, and if the individual is representing another person, the person which he or she represents. Such identification may be provided in writing or in person. The board shall record and retain for at least 3 years information obtained by it pursuant to this subsection. No individual may use a fictitious name or address or fail to identify a principal in making any request for inspection.

(2) Notwithstanding s. 19.35, the following records in the board's possession are not open for public inspection:

(a) Records obtained in connection with a request for an advisory opinion other than summaries of advisory opinions that do not disclose the identity of individuals requesting such opinions or organizations on whose behalf they are requested. The board may however, make such records public with the consent of the individual requesting the advisory opinion or the organization or governmental body on whose behalf it is requested. A person who makes or purports to make public the substance of or any portion of an advisory opinion requested by or on behalf of the person is deemed to have waived the confidentiality of the request for an advisory opinion and of any records obtained or prepared by the board in connection with the request for an advisory opinion.

(b) Records obtained or prepared by the board in connection with an investigation, except that the board shall permit inspection of records that are made public in the course of a hearing by the board to determine if a violation of this subchapter has occurred. Whenever the board refers such investigation and hearing records to a district attorney, they may be made public in the course of a prosecution initiated under this subchapter.

(c) Statements of economic interests and reports of economic transactions which are filed with the ethics board by members or employes of the investment board, except that the ethics board shall refer statements and reports filed by such individuals to the legislative audit bureau for its review, and except that a statement of economic interests filed by a member or employe of the investment board who is also an official required to file shall be open to public inspection.

19.56 Honorariums, fees and expenses. (1) Every state public official is encouraged to meet with clubs, conventions, special interest groups, political groups, school groups and other gatherings to discuss and to interpret legislative, administrative, executive, or judicial processes and proposals and issues initiated by or affecting a department.

(2)(a) Except as provided in par. (b), every official required to file who receives for a published work or for the presentation of a talk or participation in a meeting, any lodging, transportation, money or other thing with a combined pecuniary value exceeding \$50 excluding the value of food or beverage offered coincidentally with a talk or meeting shall, on his or her statement of economic interests, report the identity of every person from whom the official receives such lodging, transportation, money or other thing during his or her preceding taxable year, the circumstances under which it was received and the approximate value thereof.

(b) Notwithstanding par. (a), an official need not report on his or her statement of economic interests concerning any compensation, reimbursement or payment which:

1. The official returns to the payor within 30 days of receipt;
2. Is paid to the official by a person identified on the official's statement of economic interests under s. 19.44(1)(e) or (f) as a source of income;
3. The official can show by clear and convincing evidence was made for a purpose unrelated to the purposes specified in sub. (1) and unrelated to the duties or responsibilities of the official's position; or
4. The official has previously reported to the board as a matter of public record.

(3) Notwithstanding s. 19.45, a state public official may receive and retain reimbursement or payment of actual and reasonable expenses for a published work or for the presentation of a talk or participation in a meeting and may receive and retain reasonable compensation if the work is published or the activity is accomplished by the official without the use of the state's time, facilities, services or supplies not generally available to all citizens of this state and, in the case of an official not holding an elective office, outside the course of his or her official duties. If a state public official receives a payment not authorized by this subchapter, in cash or otherwise, for a published work or a talk or meeting, the official may not retain it. If practicable, the official shall deposit it with the department with which he or she is associated or if that is not practicable, shall return it or its equivalent to the payor or convey it to the state or to a charitable organization other than one with which he or she is associated.

19.58 Criminal penalties. (1) Any person who intentionally violates this subchapter or a code of ethics adopted or established under s. 19.45(1)(a) or (b) shall be fined not less than \$100 nor more than \$5,000 or imprisoned not more than one year in the county jail or both.

(2) The penalty under sub. (1) does not limit the power of either house of the legislature to discipline its own members or to impeach a public official, or limit the power of a department to discipline its state public officials or employees.

(3) In this section "intentionally" has the meaning given under s. 939.23.

19.59 Codes of ethics for local government officials, employees and candidates. (1) Any county, city, village or town may adopt an ordinance establishing a code of ethics for public officials and employees of the county or municipality and candidates for county or municipal elective offices.

(2) An ordinance adopted under this section shall specify the positions to which it applies. The ordinance may apply to members of the immediate family of individuals who hold positions or who are candidates for positions covered by the ordinance.

(3) An ordinance adopted under this section may contain any of the following provisions:

(a) A requirement for public officials, employees and candidates to identify any of the economic interests specified in s. 19.44, but to no greater extent than is required under that section.

(b) A provision directing the county or municipal clerk to omit the name of any candidate from an election ballot who fails to disclose his or her economic interests in accordance with the requirements of the ordinance.

(c) A provision directing the county or municipal treasurer to withhold the payment of salaries or expenses from any public official or employee who fails to disclose his or her economic interests in accordance with the requirements of the ordinance.

(d) A provision vesting administration and civil enforcement of the ordinance with an ethics board appointed in a manner specified in the ordinance. A board created under this paragraph may issue subpoenas, administer oaths and investigate any violation of the ordinance on its own motion or upon complaint by any person. The ordinance may empower the board to issue opinions upon request. Notwithstanding s. 19.35, records of the board's opinions, opinion requests and investigations of violations of the ordinance may be closed in whole or in part to public inspection if the ordinance so provides.

(e) Provisions prescribing ethical standards of conduct and prohibiting conflicts of interest on the part of public officials and employees or former public officials and employees of the county and municipality, similar in scope to the provisions of s. 19.45, where applicable, but not more restrictive than the requirements of that section.

(f) A provision prescribing a forfeiture for violation of the ordinance in an amount not exceeding \$1,000 for each offense. A minimum forfeiture not exceeding \$100 for each offense may also be prescribed.

(4) This section may not be construed to limit the authority of a county, city, village or town to regulate the conduct of its officials and employees to the extent that it has authority to regulate that conduct under the constitution or other laws.

STATE PUBLIC OFFICES SUBJECT TO
THE WISCONSIN CODE OF ETHICS FOR PUBLIC OFFICIALS AND EMPLOYEES

(Reflecting 1985 Wisconsin Acts 1-29)
Current as of August 15, 1985

ADMINISTRATION, DEPARTMENT OF	AMERICAN INDIAN LANGUAGE & CULTURE
Secretary	EDUCATION BOARD
Deputy Secretary	Members
Executive Assistant	ARTS BOARD
Administrative Services,	Members
Administrator	Executive Secretary
Buildings and Grounds,	AUDIT COMMITTEE, JOINT LEGISLATIVE
Administrator	Members
Emergency Government,	BADGER BOARD
Administrator	Members
State Agency Services, Administrator	BANKING, OFFICE OF THE
State Energy, Administrator	COMMISSIONER OF
State Executive Budget & Planning,	Commissioner
Administrator	Deputy Commissioner
State Facilities Management,	Banking Review Board (5)
Administrator	Consumer Credit Review
State Finance & Program Management,	Board (5)
Administrator	BOUNDARY AREA COMMISSION,
Emergency Number Systems Board	MINNESOTA-WISCONSIN JOINT
Merit Award Board, State Employees	Members (5)
Data Processing, Council on ^{1,2}	Legislative Advisory
Printing, Council on	Committee ¹
Radioactive Waste Technical	Technical Advisory
Council ^{1,2}	Committee ²
ADMINISTRATIVE RULES, JOINT	BRADLEY CENTER SPORTS AND
COMMITTEE FOR REVIEW OF	ENTERTAINMENT CORPORATION
Members ¹	Directors ²
AGING AND LONG-TERM CARE,	BUILDING COMMISSION
BOARD ON	Members ¹
Members (7)	CANVASSERS, BOARD OF STATE
AGRICULTURE TRADE & CONSUMER	Members ¹
PROTECTION, DEPARTMENT OF	CAPITOL & EXECUTIVE RESIDENCE
Board (6)	BOARD, STATE
Secretary	Members ^{1,2}
Deputy Secretary	CHILD ABUSE & NEGLECT PREVENTION
Executive Assistant	BOARD
Administration, Administrator	Members
Agricultural Resource Management,	CLAIMS BOARD
Administrator	Members ^{1,2}
Animal Health, Administrator	COMMUNITY DEVELOPMENT FINANCE
Food, Administrator	AUTHORITY
Marketing, Administrator	Members ¹ (8)
Meat Inspection, Administrator	CONSERVATION CORPS BOARD,
Trade and Consumer Protection,	WISCONSIN
Administrator	Members
Fertilizer Research Council ^{1,2}	Executive Secretary

- CREDIT UNIONS, OFFICE OF THE
COMMISSIONER OF
Commissioner
Deputy Commissioner
Credit Union Review Board (5)
- CRIMINAL JUSTICE, COUNCIL ON
Members
Executive Director
- DEBT MANAGEMENT, JOINT SURVEY
COMMITTEE ON
Members¹
- DEPOSITORY SELECTION BOARD
Members¹
- DEVELOPMENT, DEPARTMENT OF
Secretary
Deputy Secretary
Executive Assistant
Economic and Community Development,
Administrator
Housing & Community Services,
Administrator
Policy Development,
Administrator
Support Services
Tourism, Administrator
Economic Adjustment, Council for¹
Economic Development and Export,
Council on²
Economic & Community Development,
Council on
Tourism, Council on
- DEVELOPMENTAL DISABILITIES,
COUNCIL ON
Members²
- DISABILITY BOARD
Members^{1,2}
- DOMESTIC ABUSE, COUNCIL ON
Members² (9)
- EDUCATION COMMISSION OF THE STATES,
WISCONSIN DELEGATES
Members¹
- EDUCATIONAL APPROVAL BOARD
Members
- EDUCATIONAL COMMUNICATIONS BOARD
Members^{1,2}
Executive Director
Deputy Director
Public Television,
Council on
- ELECTIONS BOARD
Members (8)
Executive Secretary
- EMPLOYE OWNERSHIP BOARD
Members^{1,2}
- EMPLOYEE TRUST FUNDS,
DEPARTMENT OF
Board¹
Secretary
Deputy Secretary
Executive Assistant
Group Insurance Board¹
Teachers Retirement Board
Wisconsin Retirement Board¹
- EMPLOYMENT RELATIONS
COMMISSION
Members (3)
Executive Assistant
- EMPLOYMENT RELATIONS,
DEPARTMENT OF
Secretary
Deputy Secretary
Executive Assistant
Affirmative Action, Administrator
Classification and Compensation,
Administrator
Collective Bargaining,
Administrator
Merit Recruitment and Selection,
Administrator
Affirmative Action, Council on²
- EMPLOYMENT RELATIONS, JOINT
COMMITTEE ON
Members¹
- ETHICS BOARD
Members (6)
Executive Director
- FINANCE, JOINT COMMITTEE ON
Members¹
- FOX RIVER MANAGEMENT
COMMISSION
Members (7)
- GOVERNOR, OFFICE OF THE
Governor
Executive Secretary
Key Professional Staff
Other Employees
Alcohol & Other Drug Abuse,
State Council on^{1,2}
Alcohol & Other Drug Abuse,
Citizens Council on
Health Policy Council²
Nonstatutory Committees created
by Executive Order
- GREAT LAKES COMPACT COMMISSION
Members
- GROUNDWATER COORDINATING
COUNCIL
Members²

HEALTH & SOCIAL SERVICES,
DEPARTMENT OF
Secretary
Deputy Secretary
Executive Assistant
Care and Treatment Facilities,
Administrator
Community Services,
Administrator
Corrections, Administrator
Health, Administrator
Management Services,
Administrator
Policy & Budget, Administrator
Vocational Rehabilitation,
Administrator
Parole Board, Chair
Controlled Substances Board¹
Pesticide Review Board¹
Hearing Impaired, Council for the
Mental Health, Council on
Radiation Protection Council^{1,2}
HEALTH CARE COVERAGE FOR THE
UNINSURED, COUNCIL ON
Members
HEALTH FACILITIES AUTHORITY,
WISCONSIN
Members (7)
HIGHER EDUCATIONAL AIDS BOARD
Members¹
Executive Secretary
Deputy Secretary
HISTORIC PRESERVATION
REVIEW BOARD
Members
HISTORIC SITES FOUNDATION, INC.
Directors² (1)
HISTORICAL SOCIETY
Curators^{1,2} (3)
Director
Associate Director
Historic Sites, Administrator
Museum, Administrator
Historical Markers Council¹
HOSPITAL RATE-SETTING
COMMISSION
Members (3)
Staff Director
HOSPITAL RATE-SETTING COUNCIL
Members
HOUSING AND ECONOMIC DEVELOPMENT
AUTHORITY, WISCONSIN
Members¹ (6)
Employees, nonclerical

INDUSTRY, LABOR & HUMAN RELATIONS,
DEPARTMENT OF
Secretary
Deputy Secretary
Executive Assistant
Administrative and Management Services,
Administrator
Apprenticeship and Training, Administrator
Employment & Training Services, Administrator
Equal Rights, Administrator
Job Service, Administrator
Safety & Buildings, Administrator
Worker's Compensation, Administrator
Employment & Training, Executive Director
Child Labor, Council on^{1,2}
Dwelling Code Council
Equal Rights Council
Historic Building Code Council¹
Migrant Labor, Council on¹
INLAND LAKES PROTECTION AND
REHABILITATION COUNCIL
Members² (4)
INSURANCE, OFFICE OF THE
COMMISSIONER OF
Commissioner
Deputy Commissioner
INVESTMENT & LOCAL IMPACT FUND BOARD
Members¹
INVESTMENT BOARD
Members^{1,2} (5)
Executive Director
Executive Assistant
Investment Directors
JUDGES
Supreme Court Justices (7)
Court of Appeals Judges (13)
Circuit Court Judges (198)
Municipal Judges
Law Librarian
JUDICIAL COMMISSION
Members^{1,2} (5)
JUDICIAL COUNCIL
Members^{1,2}
Executive Secretary
JUSTICE, DEPARTMENT OF
Attorney General
Deputy Attorney General
Executive Assistant
Administrative Services, Administrator
Law Enforcement Services, Administrator
Legal Services, Administrator
Crime Victims Compensation, Director
LABOR & INDUSTRY REVIEW COMMISSION
Members (3)

- LAKE MICHIGAN COMMERCIAL FISHING BOARD
Members
- LAKE SUPERIOR COMMERCIAL FISHING BOARD
Members
- LAND CONSERVATION BOARD
Members^{1,2} (2)
- LAW ENFORCEMENT STANDARDS BOARD
Members^{1,2}
- LEGISLATIVE AUDIT BUREAU
Director
Auditors
- LEGISLATIVE COUNCIL
Members¹
Executive Secretary
Expert Assistants
Law Revision Committee¹
Mining Committee^{1,2}
Native American Study Committee^{1,2}
- LEGISLATIVE FISCAL BUREAU
Director
Assistants and Analysts
- LEGISLATIVE ORGANIZATION, JOINT COMMITTEE ON
Members¹
- LEGISLATIVE REFERENCE BUREAU
Chief
- LEGISLATURE
Representatives
Senators
Chief Clerks (2)
Sergeants at Arms (2)
Non-Clerical Staff
- LIEUTENANT GOVERNOR, OFFICE OF THE
Lieutenant Governor
Administrative Assistant
- MEDICAL EDUCATION REVIEW COMMITTEE
Members^{1,2}
- MIDWEST INTERSTATE LOW-LEVEL RADIOACTIVE WASTE COMMISSION
Member
- MILITARY AFFAIRS, DEPARTMENT OF
Adjutant General
Deputies (2)
Aides-de-camp
- MISSISSIPPI RIVER PARKWAY COMMISSION
Secretary
- NATURAL RESOURCES, DEPARTMENT OF
Board (7)
Secretary
Deputy Secretary
Executive Assistant
Enforcement, Administrator
Environmental Standards, Administrator
Management Services, Administrator
Resource Management, Administrator
Air Pollution Control Council
Great Lakes Fish and Wildlife Resources Council²
- PERSONNEL BOARD
Members (5)
- PERSONNEL COMMISSION
Members (3)
- PESTICIDE ADVISORY COUNCIL
Members² (3)
- PHARMACY INTERNSHIP BOARD
Public Member^{1,2} (1)
Director
- POTATO INDUSTRY BOARD
Members^{1,2}
- PRISON INDUSTRIES BOARD
Members (9)
- PUBLIC DEFENDER BOARD
Members (9)
State Public Defender
Deputy
Appellate Division, Administrator
Trial Division, Administrator
- PUBLIC INSTRUCTION, DEPARTMENT OF
State Superintendent
Deputy State Superintendent
Executive Assistant
Handicapped Children and Pupil Services, Administrator
Instructional Services, Administrator
Library Services, Administrator
Management & Budget, Administrator
School Financial Resources and Management Services, Administrator
Business and Education Partnerships, Governor's Council on
Library & Network Development, Council on
- PUBLIC LANDS, COMMISSIONERS OF, BOARD OF
Members¹
- PUBLIC RECORDS AND FORMS BOARD
Members¹

PUBLIC SERVICE COMMISSION

Members (3)
 Executive Assistant
 Accounts and Finance, Administrator
 Administrative Services, Administrator
 Engineering, Administrator
 Systems Planning, Environmental
 Review, and Consumer Analysis,
 Administrator
 Utility Rates, Administrator

RADIOACTIVE WASTE REVIEW BOARD

Members^{1,2}

REGIONAL PLANNING COMMISSIONS

Members^{1,2}

REGULATION & LICENSING, DEPARTMENT OF

Secretary
 Deputy Secretary
 Executive Assistant
 Administrative Services,
 Administrator
 Business Licensure and Registration,
 Administrator
 Health Professions & Nursing,
 Administrator
 Accounting Examining Board (7)
 Architects, Professional Engineers,
 Designers and Land Surveyors,
 Examining Board of (20)
 Barbers Examining Board (7)
 Bingo Control Board (5)
 Chiropractic Examining Board (6)
 Cosmetology Examining Board (9)
 Dentistry Examining Board (8)
 Funeral Directors Examining Board (6)
 Hearing Aid Dealers & Fitters
 Examining Board (7)
 Medical Examining Board (10)
 Nursing Home Administrators
 Examining Board (9)
 Nursing, Board of (9)
 Optometry Examining Board (7)
 Pharmacy Examining Board (7)
 Psychology Examining Board (6)
 Real Estate Board (7)
 Veterinary Examining Board (7)
 Physical Therapists Examining
 Council¹
 Physician's Assistants, Council on²
 Podiatrists Examining Council¹

RETIREMENT RESEARCH COMMITTEE

Members¹

RETIREMENT SYSTEMS, JOINT SURVEY
COMMITTEE ON

Member^{1,2}

REVENUE, DEPARTMENT OF

Secretary
 Deputy Secretary
 Executive Assistant
 Administrative Services, Administrator
 Research & Analysis, Administrator
 State and Local Finance, Administrator

REVISOR OF STATUTES BUREAU

Director

SAVINGS & LOAN, OFFICE OF THE

COMMISSIONER OF

Commissioner

Deputy Commissioner

Savings & Loan Review Board (7)

SECRETARY OF STATE, OFFICE OF THE

Secretary of State

Assistant Secretary of State

SECURITIES, OFFICE OF THE COMMISSIONER OF

Commissioner

Deputy Commissioner

SENTENCING COMMISSION

Members

Executive Director

SNOWMOBILE RECREATIONAL COUNCIL

Members (15)

STATE FAIR PARK BOARD

Members (5)

State Fair Park Director

STATE SUPPORTED PROGRAMS STUDY,

JOINT LEGISLATIVE

Members¹

TAX APPEALS COMMISSION

Members (5)

TAX EXEMPTION, JOINT SURVEY

COMMITTEE ON

Members^{1,2}

TECHNOLOGY DEVELOPMENT BOARD

Members¹

TRANSPORTATION PROJECTS COMMISSION

Members¹

TRANSPORTATION, DEPARTMENT OF

Secretary

Deputy Secretary

Executive Assistant

Motor Vehicles, Administrator

Planning & Budget, Administrator

State Patrol, Administrator

Transportation Assistance, Administrator

Transportation Districts, Administrator

Transportation Facilities, Administrator

Rustic Roads Board^{1,2}

Aeronautics, Council on¹

Highway Safety, Council on¹

Traffic Law Enforcement, Council on¹

TRANSPORTATION, OFFICE OF THE
 COMMISSIONER OF
 Commissioner
 Deputy
 TREASURER, STATE, OFFICE OF THE
 State Treasurer
 Assistant State Treasurer
 UNIFORM LAWS, COMMISSION ON
 Members¹
 UNIVERSITY OF WISCONSIN SYSTEM
 Regents¹ (14)
 President
 Vice Presidents (5)
 Associate Vice Presidents (7)
 Assistant Vice Presidents (6)
 Eau Claire campus, Chancellor
 Eau Claire campus, Vice Chancellor
 Extension System, Chancellor
 Extension System, Vice Chancellor
 Green Bay campus, Chancellor
 Green Bay campus, Vice Chancellor
 La Crosse campus, Chancellor
 La Crosse campus, Vice Chancellor
 Madison campus Center for Health
 Sciences, Chancellor
 Madison campus Center for Health
 Sciences, Vice Chancellor
 Madison campus, Chancellor
 Madison campus, Vice Chancellor
 Milwaukee campus, Chancellor
 Milwaukee campus, Vice Chancellor
 Oshkosh campus, Chancellor
 Oshkosh campus, Vice Chancellor
 Parkside campus, Chancellor
 Parkside campus, Vice Chancellor
 Platteville campus, Chancellor
 Platteville campus, Vice Chancellor
 River Falls campus, Chancellor
 River Falls campus, Vice Chancellor

Stevens Point campus, Chancellor
 Stevens Point campus, Vice Chancellor
 Stout campus, Chancellor
 Stout campus, Vice Chancellor
 Superior campus, Chancellor
 Superior campus, Vice Chancellor
 Whitewater campus, Chancellor
 Whitewater campus, Vice Chancellor
 Laboratory of Hygiene Board^{1,2}
 VETERANS AFFAIRS, DEPARTMENT OF
 Board (7)
 Secretary
 Deputy Secretary
 Executive Assistant
 Loans, Administrator
 Veterans Services, Administrator
 VOCATIONAL, TECHNICAL & ADULT
 EDUCATION, BOARD OF
 Members¹ (9)
 Director
 Administration and Planning,
 Administrator
 Community & Manpower Education,
 Administrator
 Fire Service Training Programs,
 Council on²
 VOCATIONAL, TECHNICAL & ADULT
 EDUCATION, DISTRICT BOARDS
 Members (144)
 Directors (15)
 Deputy Directors
 Associate Directors
 Assistant Directors
 WASTE FACILITY SITING BOARD
 Members¹ (3)
 WATERWAYS COMMISSION, WISCONSIN
 Members (5)
 WOMEN'S COUNCIL
 Members^{1,2}

Bold type identifies a position an occupant of which must file a Statement of Economic Interests because of his or her holding that position.

In the case of a board or commission the number between parentheses identifies the number of officials filing Statements because of membership on that board or commission.

¹ This body includes either (1) some people who are members of this body by virtue of their holding some other public office which obliges them to file Statements of Economic Interests with the Ethics Board or (2) representatives designated by those people.

² One or more members of this body are not state public officials.

MINNESOTA SENATE

RESEARCH REPORT

SENATE COUNSEL & RESEARCH



Senate Counsel & Research

STATE ETHICS CODES
AND MINNESOTA'S ETHICS LAWS --
A COMPARISON

by

Jill M. Schultz
Legislative Analyst

Minnesota Senate
Senate Counsel and Research
John E. Post, Director

February 1988

INTRODUCTION

It has become nearly impossible to open the newspaper or listen to the evening network news without encountering a report of a public official or government employee accused of official misconduct. The National Journal recently reported that almost every state and major city in the U.S. has confronted a scandal among its public officials in the past five years, and Justice Department figures show that federal prosecutions of corrupt state and local officials have doubled in the past decade. (1)

The concern over the conduct of public officials and employees is especially evident on the state level. In 1987 alone, legislatures in 22 states considered bills that would strengthen their state ethics laws. Two states -- New York and Virginia -- passed bills creating a code of ethics, and several other states were considering similar action at the beginning of 1988.

While the majority of the 50 states have at least some limited ethics laws dealing with the conduct of at least a small group of employees or officials, only about a dozen states have something comprehensive enough to be called a state code of ethics. This report is the result of an examination of those state codes of ethics (2), a study of model state ethics codes (3), conversations with state ethics commission officials, and a study of Minnesota's ethics laws (4).

This report outlines and summarizes what makes up a state code of ethics and looks at Minnesota's ethics laws in light of those same ingredients. The report also considers enforcement and penalties. It does not deal with campaign financing or lobbyist registration laws.

AN ETHICS CODE: THE PARTS

The easiest way to understand a state code of ethics might be to break it down into three parts: conflict of interest, financial disclosure, and revolving door prohibitions; to examine each part, and to see who is affected by each part.

A brief index for this report looks like this:

	<u>Page</u>
Conflict of Interest.....	2
Conflict of Interest: Minnesota.....	6
Financial Disclosure.....	3
Financial Disclosure: Minnesota.....	9
Revolving Door.....	4
Revolving Door: Minnesota.....	9
Other Provisions.....	5
Other Provisions: Minnesota.....	10
Enforcement and Penalties.....	10
Enforcement and Penalties: Minnesota...	11
Summary.....	13
Endnotes.....	14

CONFLICT OF INTEREST

What

Conflict of interest provisions generally do the following:

1. Prohibit the acceptance of gifts and additional compensation;
2. Prohibit the solicitation of things of value;
3. Prohibit the use of confidential information for personal gain;
4. Restrict an employee's or an official's appearances before his or her own agency or other agencies on personal or private business;
5. Restrict an employee's or an official's outside business interests and employment, and official acts which would affect his or her financial interests; and
6. Restrict an employee's or official's business contracts with the state.

Who

It is a lot more difficult to generalize about who is covered by conflict of interest statutes since each of the states seems to take a slightly different approach. The core group that a number of states cover is elected and appointed state officials and employees. However, some states include more people, some include fewer.

Connecticut does not cover judges, but leaves the responsibility for their conduct to the state judicial review commission. Hawaii limits coverage of its lawmakers. Wisconsin, for the most part, covers just public officials, but charges the Department of Employment Relations with covering state employees and gives the University Board of Regents the responsibility for unclassified university employees.

Florida, Alabama, and Rhode Island extend their coverage to local officials and employees. Massachusetts goes even further. Its conflict of interest statutes affect appointed and elected state, county, and municipal officials; and full-time and part-time, paid and unpaid, state, county, and municipal employees.

FINANCIAL DISCLOSURE

What

Financial disclosure statements are filed annually and usually require the employee or public official to disclose the following information:

1. His or her total income and its source;
2. Amounts and sources of business income;
3. Location, description of, and sometimes value of real estate property holdings; and
4. Names of creditors to whom debts are owed over a given amount.

Some states also include:

5. Gifts received from non-relatives over a given amount;
6. Business titles, offices, or directorships held;
7. Securities held; and
8. A list of business clients from the previous year.

Most states also include the financial interests of the employee's or official's spouse in the reporting requirements and some also include the financial interests of dependent children.

Who

States' financial disclosure laws usually cover a smaller group of people than their conflict of interest statutes do. The filing of financial disclosure statements is usually required of candidates for statewide office, statewide officeholders, and state employees and public officials who are in policymaking positions or who have discretionary authority over the receipt or expenditure of state funds.

REVOLVING DOOR

What

Revolving door prohibitions are sometimes found within the body of conflict of interest statutes, but are actually restrictions on former employees and are being dealt with as a separate section in this report.

These post-employment restrictions are common even in states without a code of ethics. A 1980 study at St. Louis University School of Law revealed that 26 states had placed such restrictions on state executive branch employees. Last year alone, four states passed laws restricting the employment of public officials and/or employees after they leave public service.

Three provisions are commonly found in the revolving door statutes of states with ethics codes:

1. A former employee or official is banned from making an appearance before his or her former agency, usually for one year;
2. A former employee or official is prohibited from becoming involved in matters in which he or she participated personally and substantially as a state employee, sometimes permanently and sometimes for one year; and
3. A former employee or official is permanently prohibited from disclosing or using confidential information for personal gain, which he or she obtained as an employee.

Who

While some states apply their post-employment restrictions to the same group of employees and public officials covered by their conflict of interest statutes, this is not necessarily the case.

Connecticut covers both executive and legislative branch public officials and employees with its conflict of interest provisions, but applies post-employment restrictions only to its

executive branch. Likewise, Wisconsin exempts legislators and legislative employees from its revolving door law. Rhode Island, on the other hand, extends post-employment restrictions to both state and local employees and officials, and Massachusetts even extends one restriction to the partners of former employees or officials.

In addition to the provisions mentioned above, a number of states with ethics codes also have a narrow provision or two designed to get at a specific situation. For example, some states prohibit a public utilities commissioner from going to work for a utility directly after leaving public service. These states may also prohibit an employee who bids out state contracts from going directly to work for a firm to which he or she awarded a state contract.

OTHER PROVISIONS

Two other provisions are worth mentioning, even though they do not show up in all the state ethics codes. They are laws that prohibit nepotism and protect whistle blowers.

Some states have a section in their ethics codes that prohibits nepotism even though that was not the original intent when the language was drafted. Massachusetts' ethics code prohibits elected and appointed public officials from participating in matters in which their family members have a financial interest. Even though the special commission that drafted the law in 1962 said it was not intended to apply to nepotism, the Supreme Judicial Court of Massachusetts held in 1983 that it did. Ohio, Connecticut, Washington, and Wisconsin have a similar section in their ethics codes, and their officials feel that it can probably be interpreted in the same way.

A number of states also have whistle blower protection for employees who report violations to their superiors or their state ethics commission. In 1987, Hawaii passed a whistle blower protection act because employees were reluctant to report violations to the state ethics commission, and some who blew the whistle suffered retaliation. New York also recently strengthened its whistle blower protection law.

MINNESOTA'S ETHICS LAWS

A quick scan of the 50 states reveals that while about a dozen have a state code of ethics, many states have little or no ethics law. Minnesota falls somewhere in between, with a number of ethical conduct laws scattered throughout the statutes. The bulk of the state's ethics law can be found in the executive branch code of ethics (Minnesota Statutes, Sec. 43A.38). Another portion that affects public officials (Sec. 10A.07-10A.09) can be found in the state's ethics in government chapter. However that

chapter is primarily concerned with campaign financing and lobbyist disclosure law.

Minnesota's ethics laws fit under the three parts of a state ethics code identified earlier: conflict of interest, financial disclosure, and revolving door prohibitions. This portion of the report lists and summarizes Minnesota's laws under those three sections.

MINNESOTA -- CONFLICT OF INTEREST

Minnesota's conflict of interest laws are listed here under the six conflict of interest functions of a state ethics code identified earlier.

1. Gifts and additional compensation for official duties

Executive branch employees may not receive gifts or additional compensation for doing their work. The only gifts allowed are textbooks or gifts of "nominal value" which the Department of Employee Relations defines as "in name only." (Sec. 43A.38, Subd. 2)

Public officers or employees who request, receive, or agree to receive a benefit or reward with the understanding that it is to influence their job performance are guilty of bribery. (Sec. 609.42)

Public officers or employees may not intentionally ask for, receive, or agree to receive a fee or other compensation in excess of that allowed by law. (Sec. 609.45)

Executive branch employees may not offer, request, give, or receive money or valuables for any kind of appointment or promotion in the state civil service. (Sec. 43A.39, Subd. 1)

State employees and University of Minnesota employees involved in the state and university supply purchasing and contracting processes may not accept gifts, with several exceptions. (Sec. 15.43)

Potato inspectors may not receive additional payment. (Sec. 30.152)

Grain weighers and inspectors may not improperly perform their duties or accept money or other considerations to improperly perform their duties. (Sec. 17B.22)

Public officers or employees may not receive additional compensation from the contingent fund of an office or department. (Sec. 10.32)

2. Soliciting anything of value

Executive branch employees may not use their official positions to secure benefits, privileges, exemptions, or advantages for themselves, family members, or organizations with which they are associated. (Sec. 43A.36, Subd. 5) (5)

3. The use of confidential information for personal gain

Executive branch employees may not use confidential information for personal gain or become involved in outside activities or employment that would require them to disclose confidential information. (Sec. 43A.38, Subd. 3)

4. An employee's or an official's appearance before his or her own agency or other agencies

Executive branch employees may not appear before their own agency on someone else's behalf unless it is part of their job to do so. (Sec. 43A.38, Subd. 5)

Public officials who represent clients for a fee before any individual, board, commission, or agency with rulemaking authority must disclose that appearance to the State Ethical Practices Board within 14 days after the appearance. (Sec. 10A.08)

5. An employee's or official's outside business interests and employment, and official acts which would affect his or her financial interests

Executive branch employees may not accept employment or be a party to a contract that would affect their independence of judgment on the job. (Sec. 43A.38, Subd. 5)

Executive branch employees may not be employed by a business subject to their direct or indirect control, inspection, review, audit, or enforcement, nor perform an act other than official duties that will later be subject to their control, inspection, review, audit, or enforcement. (Sec. 43A.38, Subd. 6)

Public officials who would be required to take an official action that would substantially affect their own financial interests are required to disclose that conflict to the State Ethical Practices Board and to their immediate superior, or to the presiding officer of the Legislature, if they are lawmakers. If possible, the matter is then to be reassigned, or the official is to abstain from the action. (Sec. 10A.07)

Public Utilities Commission (PUC) members and professional employees are prohibited from having a significant interest in a public utility or regulated business. Employees of the Public Service Department may not participate in any decision or action of the PUC where they have any financial interest. Any professional employee of the commission or department must disclose any communication about future employment or benefits if received from a party involved with a commission proceeding. (Sec. 216A.035)

The Public Service Department commissioner must divest himself or herself within six months from any energy related business, including utility, coal, or petroleum suppliers or manufacturers of energy. (Provision was in Sec. 116J.07, but is now Sec. 216.07 with 1987 reorganization.)

Department of Commerce examiners may not examine a bank or financial institution in which they have a financial interest (Sec. 46.08); Department of Commerce examiners and officers may not have any interest in a financial institution other than a standard demand, trust, or savings account. (Sec. 46.09)

Public Safety or Revenue Department employees who work with liquor control functions may not have any interest in any manufacture, transportation, or sale of liquor. (Sec. 299A.02, Subd. 1)

Members and employees of the Minnesota Racing Commission may not have any interest in an entity that is licensed by or contracts with the Commission, nor may they have an interest in a race horse or bet on a race. (Sec. 240.28)

State grain inspectors, samplers, and weighers may not have any financial interest in any grain or grain product business or organization and may not be employed by any company that handles, stores, ships, purchases, or sells grain or grain products. (Sec. 17B.16)

Members of the Designer Selection Board may not have any financial interest in a designer or firm selected. (Sec. 16B.33)

6. An employee's business contracts with the state

As mentioned under the last section, executive branch employees may not be a party to a contract that will affect their independence of judgment. They also may not be involved in a private interest that directly competes with the state for the provision of services. (Sec. 43A.38, Subd.5)

Current state employees may not contract with another state agency to provide consultation services or professional or technical services. (Sec. 16B.17, Subd. 2)

Department of Transportation employees may not be directly or indirectly involved with any contract for road or bridge work or with any contract for the purchase, repair, or sale of road machinery, equipment, or supplies used. (Sec. 161.33)

MINNESOTA -- FINANCIAL DISCLOSURE

Minnesota's financial disclosure law (Sec. 10A.09) requires all public officials to file a statement of economic interest. Minnesota's disclosure requirements are less extensive than those of states with ethics codes. State officials and certain employees are required to disclose sources of earned income in excess of \$50 in any month, excluding benefits from retirement, insurance, social security, savings accounts, and alimony. They need not list amounts. They are also required to disclose securities held of which the official's share is worth \$2,500 or more and real property in Minnesota of which the official's share is worth in excess of \$2,500, excluding homestead property. The values of the securities and property are not to be disclosed. Finally, any Canadian or U.S. pari-mutuel horse racing interests of the filer or his or her immediate family members must be reported.

Those required to file financial disclosure statements in Minnesota include anyone who fits the statutory definition of "public official." (6)

MINNESOTA -- REVOLVING DOOR

Minnesota has three revolving door prohibitions:

No former commissioner or deputy commissioner may, within one year after leaving that position, appear or participate in proceedings of his or her former department or agency representing the interest of a private person. (Sec. 15.06, Subd. 9)

Neither a Public Utilities Commissioner nor a director or deputy director of the Public Service Department may accept employment or a contractual relationship with any entity subject to rate regulation by the commission for one year after job termination. (Sec. 216A.036)

Officers, judges, or employees of the Revenue Department or tax court may not represent a client with regard to any claim or proceeding pending in the department for one year following employment with the department. Similarly, these persons may never repre-

sent anyone with a claim or proceeding if they worked with that matter while employed by the department or tax court. (Sec. 271.18)

MINNESOTA --- OTHER PROVISIONS

Minnesota has no law against nepotism and just last year passed a whistle blower protection law. (Laws of Minnesota, Chapter 76; Minnesota Statutes 1987 Supplement, Sec. 181.931 to Sec. 181.935)

In addition to the types of laws usually included in a state ethics code, Minnesota also has some provisions for the proper use of state property in the workplace.

ENFORCEMENT AND PENALTIES

The enforcement of a state code of ethics is usually the responsibility of an ethics commission or board. Those commissions range from five to fifteen members who are appointed to terms ranging from four to six years. They are usually appointed by the governor, although some states also allow legislative leaders or selected constitutional officers to make some appointments.

In addition to responsibilities to issue advisory opinions and educational materials, most commissions are given the power to investigate, conduct audits, and subpoena witnesses. Most go through a two-step procedure when there is an allegation of an ethics code violation. First, the complaint is investigated to determine whether there is probable cause that a violation occurred. If it is determined there is probable cause, a hearing is scheduled to determine whether a violation occurred.

If it is determined that a violation occurred, some commissions must stop and turn their findings over to the proper authorities who have the power to issue civil and criminal penalties. Others can go ahead and issue a cease and desist order and/or levy a civil penalty.

Civil penalties vary somewhat, from not more than \$500 per violation in some states to not more than \$10,000 per violation in another state. Several states have civil penalties that range from about \$1,000 to \$2,000 maximum per violation. In addition, most states allow for civil suits for the state to reclaim any financial loss as a result of the ethics code violation. Some states may even sue for twice that amount. In states where a violation of the ethics code is a criminal violation, it usually is classified as a misdemeanor or gross misdemeanor. The maximum criminal penalty found in any of the state ethics codes examined was up to \$5,000 and three years in prison for bribery in Massachusetts, or up to \$3,000 and two years in prison for other Massachusetts code violations.

Finally, the ethics code violator may be disciplined by his or her supervisor with measures that include a demotion, suspension, removal from office, or impeachment, and in some states a cut in salary.

MINNESOTA -- ENFORCEMENT AND PENALTIES

The State Ethical Practices Board is responsible for investigating written complaints alleging violations of Chapter 10A, the ethics in government chapter, which includes those portions of interest to this report -- public officials' conflict of interest (Sec. 10A.07), representation disclosure (Sec. 10A.08), and financial disclosure (Sec. 10A.09).

The executive branch code of ethics (Sec. 43A.38) is found in the chapter of state law dealing with the Department of Employee Relations (DOER), and that department does its best to enforce it. However, the law does nothing to make it easy for DOER to enforce the ethics code; there is no clear procedure for handling violations. In fact DOER is not even included in the reporting process for a "substantial violation." (Sec. 43A.39, Subd.

A number of state ethics laws fall neither under the jurisdiction of the Ethical Practices Board nor DOER -- laws dealing with Public Service Department officials and PUC commissioners, Transportation Department employees, Commerce Department examiners and officers, Minnesota Racing Commission members and employees, Public Safety and Revenue Department employees, members of the Designer Selection Board, state grain inspectors, and state potato inspectors. While in some cases individual agencies may handle complaints of violations internally, a great deal of confusion exists over who is responsible for enforcing these laws.

The executive branch code of ethics does not list specific civil or criminal penalties, but says the violator will be subject to action "pursuant to Chapter 609," Minnesota's criminal code. That chapter says that any public officer or employee found guilty of misconduct may be sentenced to up to one year in prison and fined up to \$3,000. (Sec. 609.43)

A public official's failure to report or avoid a conflict of interest is not a crime and carries no penalty. (Sec. 10A.07 and Sec. 10A.34) Failure of a public official to report the representation of a client before a state agency carries a late filing fee of no more than \$100, accumulating at a rate of \$5 per day, and no criminal penalty. (Sec. 10A.08) A public official failing to file a financial disclosure statement is subject to the same late filing fee, but can also be charged with a misdemeanor. In addition, those public officials filing late who are not lawmakers or constitutional officers, can be suspended without pay by the Ethical Practices Board. (Sec. 10A.09)

With a few exceptions, a violation of one of the other state ethics laws scattered throughout statutes constitutes a misdemeanor or gross misdemeanor. Several exceptions worth noting are the post-employment restriction of PUC commissioners and the top two Public Service Department officials (Sec. 216A.036), bribery (Sec. 609.42), and paying a potato inspector additional money to do his or her job (Sec. 30.152). PUC commissioners and the Public Service Department officials face a civil penalty of up to \$10,000 per violation of the post-employment restriction, and those committing bribery are guilty of a felony punishable by up to 10 years in prison and a maximum \$20,000 fine, the largest penalty for any of the state's ethics laws. That same penalty is in place for anyone who pays a state potato inspector extra money for doing his or her job, because that constitutes bribery.

SUMMARY

Minnesota does not have a state code of ethics, but when its various ethics laws are considered as a whole, they contain the three elements of a state ethics code -- conflict of interest, financial disclosure, and revolving door prohibitions. The biggest difference between what Minnesota has in place and a state code of ethics is comprehensiveness and enforceability. While most state codes of ethics cover at least state employees and public officials, the majority of Minnesota's ethics laws cover only the executive branch. States with ethics codes usually have one agency -- such as an ethics commission -- to enforce their code. In Minnesota, the Ethical Practices Board and the Department of Employee Relations have been given responsibility for portions of the state's ethics law, but confusion exists over who is responsible for enforcing other portions. Finally, while state ethics commissions can usually rely on enforcement procedures set up for them in law, there is very little language providing for the enforcement of Minnesota's ethics laws.

ENDNOTES

1. National Journal, "Grass-Roots Graft"; August 1, 1987; pages 1962-1967.
2. This report involved close study of ethics codes in Alabama, Connecticut, Florida, Hawaii, Kansas, Massachusetts, Ohio, Oregon, Rhode Island, and Wisconsin. It also included the examination of ethics law in a number of other states.
3. This report involved the examination of model ethics legislation by the National Conference of State Legislatures, the Council of State Governments, and the National Municipal League.
4. In addition to study of the actual statutes, the report drew upon the work of Connie Nelson, Department of Employee Relations assistant to the commissioner, in "Code of Conduct for Executive Branch Employees in Minnesota: A summary of Applicable Laws and Rules," September 16, 1987.
5. The Department of Employee Relations says while there is a potential for this provision to be used to cover some cases of solicitation, it needs some clarification. It seems clear that it would cover a case where an employee asked for and secured a benefit or privilege for himself. But it is not clear that it would cover solicitation if the employee asks for something but does not receive it.
6. Minnesota state statutes define a public official in the following way:
 - (A) Member of the Legislature;
 - (B) Constitutional officer in the executive branch and the officer's chief administrative deputy;
 - (C) Member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has at least one of the following powers: (1) the power to adopt, amend, or repeal rules, or (2) the power to adjudicate contested cases or appeals;
 - (D) Commissioner, deputy commissioner, or assistant commissioner of any state department as designated under section 15.01;
 - (E) Individual employed in the executive branch who is authorized to adopt, amend, or repeal rules or adjudicate contested cases;
 - (F) Executive director of the State Board of Investment;
 - (G) Executive director of the Indian Affairs Intertribal Board;
 - (H) Commissioner of the Iron Range Resources and Rehabilitation Board;

- (I) Director of Mediation Services;
- (J) Deputy of any official listed in clauses (E) to (I);
- (K) Judge of the Workers' Compensation Court of Appeals;
- (L) Administrative law judge or compensation judge in the state's Office of Administrative Hearings or hearing examiner in the Department of Jobs and Training;
- (M) Solicitor general or deputy, assistant, or special assistant attorney general;
- (N) Individual employed by the Legislature as Secretary of the Senate, Legislative Auditor, Chief Clerk of the House, Revisor of Statutes, or a researcher or an attorney in the Office of Senate Counsel and Research; or
- (O) Member or chief administrative officer of the Metropolitan Council, Regional Transit Board, Metropolitan Transit Commission, Metropolitan Waste Control Commission, Metropolitan Parks and Open Spaces Commission, Metropolitan Airports Commission, or Metropolitan Sports Facilities Commission.

June 1985

CHAPTER 102. AND SECTION 2921.42 OF THE REVISED CODE

THE OHIO ETHICS LAW: CHAPTER 102.

Sec. 102.01 As used in Chapter 102 of the Revised Code

- (A) "Compensation" means money, thing of value, or financial benefit. "Compensation" does not include reimbursement for actual and necessary expenses incurred in the performance of official duties.
- (B) "Public official or employee" means any person who is elected or appointed to an office or is an employee of any public agency. "Public official or employee" does not include a person elected or appointed to the office of precinct ward or district committee member under section 3517.03 of the Revised Code, any presidential elector or delegate to a national convention. "Public official or employee" does not include a person who is a teacher, instructor, professor, or any other kind of educator whose position does not involve the performance of, or authority to perform, administrative or supervisory functions.
- (C) "Public agency" means the general assembly, all courts, any department, division, institution, board, commission, authority, bureau, or other instrumentality of the state, a county, city, village, township, and the five state retirement systems, or any other governmental entity. "Public agency" does not include a department, division, institution, board, commission, authority, or other instrumentality of the state or a county, municipal corporation, township, or other governmental entity, that functions exclusively for cultural, educational, historical, humanitarian, advisory, or research purposes, does not expend more than ten thousand dollars per calendar year, excluding salaries and wages of employees, and whose members are uncompensated.
- (D) "Immediate family" means a spouse residing in the person's household and an dependent child.
- (E) "Income" includes gross income as defined and used in the Internal Revenue Code of 1954, 68A Stat. [3] 26 U.S.C. 1, as now or hereafter amended, interest and dividends on obligations or securities of any state or of any political subdivision or authority thereof, and interest or dividends on obligations of any authority, commission or instrumentality of the United States.
- (F) "Appropriate ethics commission" means:
- (1) For matters relating to members of the general assembly, employees of the general assembly, and candidates for the office of member of the general assembly, the house or senate legislative ethics committee, depending on the house of which he is a member, by which he is employed, or for which he is a candidate, for employees of the legislative service commission, the senate legislative ethics committee;
 - (2) For matters relating to judicial officers and employees, and candidates for judicial office, the board of commissioners on grievances and discipline of the supreme court;
 - (3) For matters relating to all other persons, the Ohio ethics commission.
- (G) "Anything of value" has the same meaning as provided in section 1.03 of the Revised Code.

Sec. 102.02

- (A) Every person who is elected to or is a candidate for a state, county, or city office or the office of member of the United States congress, and every person who is appointed to fill a vacancy for an unexpired term in such an elective office, and the director, assistant directors, deputy directors, division chiefs, or persons of equivalent rank of any administrative department of the state, the chief executive officer of each state retirement system, all members of the board of commissioners on grievances and discipline of the supreme court, the ethics commission created under section 102.05 of the Revised Code, every public official or employee who is paid a salary or wage in accordance with schedule C of section 124.15 of the Revised Code, and every other

public official or employee who is designated by the appropriate ethics commission pursuant to division (B) of this section, excluding any person elected or appointed to the office of precinct ward or district committee member under Chapter 3517 of the Revised Code, presidential elector, delegate to a national convention, city exempted village, county local and joint vocational school district boards of education, village officials and employees, township officials and employees, any physician or psychiatrist paid a salary or wage in accordance with schedule (C) of section 124.15 of the Revised Code and whose primary duties do not require the exercise of administrative discretion, and any member of a board, commission or bureau of any county or city who receives less than one thousand dollars per year for serving in such position, shall file with the appropriate ethics commission on a form prescribed by the commission, a statement disclosing:

(1) The name of the person filing the statement and each member of his immediate family and all names under which the person or members of his immediate family does business;

(2) Identification of every source of income over five hundred dollars received during the preceding calendar year in his own name or by any other person for his use or benefit, by the person filing the statement, and a brief description of the nature of the services for which the income was received. This division shall not be construed to require the disclosure of clients of attorneys or persons licensed under section 4732.12 or 4732.15 of the Revised Code, or patients of persons certified under section 4731.14 of the Revised Code. This division shall not be construed to require a person filing the statement who derives income from a business or profession to disclose the individual items of income that constitute the gross income of that business or profession.

(3) The name of every corporation on file with the secretary of state which is incorporated in Ohio or holds a certificate of compliance authorizing it to do business in this state, trust, business trust, partnership or association which transacts business in Ohio in which the person filing the statement or any other person for his use and benefit had during the preceding calendar year an investment of over one thousand dollars at fair market value as of the thirty-first day of December of the preceding calendar year, or the date of disposition, whichever is earlier, or in which the person holds any office or has a fiduciary relationship, and a description of the nature of the investment, office or relationship. This division does not require disclosure of the name of any bank, savings and loan association, credit union or building and loan association with which the person filing the statement has a deposit or a withdrawable share account.

(4) All fee simple and leasehold interests to which the person filing the statement holds legal title to or a beneficial interest in real property located within the state, excluding the person's residence and property used primarily for personal recreation.

(5) The names of all persons residing or transacting business in the state to whom the person filing the statement owes, in his own name or in the name of any other person, more than one thousand dollars. This division shall not be construed to require the disclosure of debts owed by the person resulting from the ordinary conduct of a business or profession or debts on the person's residence or real property used primarily for personal recreation, except that the superintendent of building and loan associations shall disclose the names of all state-chartered building and loan associations and of all service corporations subject to regulation under division (E) (2) of section 1151.34 of the Revised Code to whom the superintendent, in his own name or in the name of any other person, owes any money, and that the superintendent of banks and any deputy superintendent shall disclose the names of all state-chartered banks and all bank subsidiary corporations subject to regulation under section 1107.35 of the Revised Code to whom such superintendent or deputy superintendent owes any money.

(6) The names of all persons residing or transacting business in the state, other than a depository excluded under division (A) (3) of this section, who owes more than one thousand dollars to the person filing the statement, either in his own name or to any other person for his use or benefit. This division shall not be construed to require the disclosure of clients of attorneys or persons licensed under section 4732.12 or 4732.15 of the

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Code nor the disclosure of debts owed to the person resulting from the ordinary conduct
of a business or profession

(7) The source of each gift of over five hundred dollars received by the person in his
own name or by any other person for his use or benefit during the preceding calendar
year except gifts received by will or by virtue of section 2105 06 of the Revised Code or
received from parents or grandparents or received by way of distribution from any inter
vivos or testamentary trust established by a spouse or an ancestor

A person who is a candidate for elective office shall file his statement no later than the
thirtieth day before the primary special or general election at which such candidacy is
to be voted on whichever election occurs sooner except a person who is a write-in
candidate shall file his statement no later than the twentieth day before the earliest
election at which such candidacy is to be voted on A person who holds elective office
shall file his statement on or before the fifteenth day of April of each year unless he is a
candidate for office A person who is appointed to fill a vacancy for an unexpired term in
an elective office shall file his statement within fifteen days after he qualifies for office
Other persons shall file an annual statement on or before the fifteenth day of April or if
appointed or employed after such date within ninety days after appointment or
employment No person shall be required to file more than one statement for any one
calendar year with the appropriate ethics commission

The appropriate ethics commission may for a good cause extend for a reasonable
time the deadline for filing a disclosure statement under this section

A statement filed under this section is subject to public inspection at locations
designated by the appropriate ethics commission except as otherwise provided in this
section

(B) The Ohio ethics commission the house and senate legislative ethics committees
and the board of commissioners on grievances and discipline of the supreme court may
using the rule-making procedures of Chapter 119 of the Revised Code require any
class of public officials or employees under its jurisdiction and not specifically excluded
by this section whose positions involve a substantial and material exercise of
administrative discretion in the formulation of public policy expenditure of public funds
enforcement of laws and rules of the state or a county or city or the execution of other
public trusts to file an annual statement on or before the fifteenth day of April under
division (A) of this section The appropriate ethics commission shall send the public
officials or employees written notice of the requirement by the fifteenth day of February
of each year the filing is required unless the public official or employee is appointed
after such date in which case the notice shall be sent within thirty days after
appointment and the filing shall be made not later than ninety days after appointment

Disclosure statements filed under this division with the Ohio ethics commission by
members of boards commissions or bureaus of the state for which no compensation is
received other than reasonable and necessary expenses shall be kept confidential The
Ohio ethics commission shall examine each disclosure statement required to be kept
confidential to determine whether a potential conflict of interest exists for the person who
filed the disclosure statement A potential conflict of interest exists if the private interests
of the person as indicated by his disclosure statement might interfere with the public
interests he is required to serve in the exercise of his authority and duties in his office or
position of employment If the commission determines that a potential conflict of interest
exists it shall notify the person who filed the disclosure statement and shall make the
portions of the disclosure statement that indicate a potential conflict of interest subject to
public inspection in the same manner as is provided for other disclosure statements Any
portion of the disclosure statement that the commission determines does not indicate a
potential conflict of interest shall be returned immediately to the person who filed the
statement

(C) No person shall knowingly fail to file a statement that is required by this section

(D) No person shall knowingly file a false statement that is required to be filed under
this section

Sec. 102.03

(A) No present or former public official or employee shall, during his public employment or service or for twelve months thereafter, represent a client or act in a representative capacity for any person on any matter in which he personally participated as a public official or employee through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or other substantial exercise of administrative discretion. For twenty-four months after the conclusion of his service, a former commissioner or attorney examiner of the public utilities commission may not represent a public utility, as defined in section 4905.02 of the Revised Code, or act in a representative capacity on behalf of such a utility before any state board, commission or agency. As used in this division, "matter" includes any case, proceeding, application, determination, issue, or question, but does not include the proposal, consideration, or enactment of statutes, rules, ordinances, resolutions, or charter or constitutional amendments. As used in this division, "represent" includes any formal or informal appearance before, or any written or oral communication with, any public agency on behalf of any person. Nothing contained in this division shall prohibit, during such period, a former public official or employee from being retained or employed to represent, assist, or act in a representative capacity for the public agency by which he was employed or on which he served. This division shall not be construed to prohibit the performance of ministerial functions, including, but not limited to, the filing or amendment of tax returns, applications for permits and licenses, incorporation papers, and other similar documents.

(B) No present or former public official or employee shall disclose or use, without appropriate authorization, any information acquired by him in the course of his official duties which is confidential because of statutory provisions, or which has been clearly designated to him as confidential when such confidential designation is warranted because of the status of the proceedings or the circumstances under which the information was received and preserving its confidentiality is necessary to the proper conduct of government business.

(C) No public official or employee shall participate within the scope of his duties as a public official or employee, except through ministerial functions as defined in division (A) of this section, in any license or rate-making proceeding that directly affects the license or rates of any person, partnership, trust, business trust, corporation, or association in which the public official or employee or his immediate family owns or controls more than five per cent. No public official or employee shall participate within the scope of his duties as a public official or employee, except through ministerial functions as defined in division (A) of this section, in any license or rate-making proceeding that directly affects the license or rates of any person to whom the public official or employee or his immediate family, or a partnership, trust, business trust, corporation, or association of which he or his immediate family owns or controls more than five per cent, has sold goods or services totaling more than one thousand dollars during the preceding year, unless the public official or employee has filed a written statement acknowledging such sale with the clerk or secretary of the public agency, and the statement is entered in any public record of the agency's proceedings. This division shall not be construed to require the disclosure of clients or attorneys of persons licensed under section 4732.12 or 4732.15 of the Revised Code, or patients of persons certified under section 4731.14 of the Revised Code.

(D) No public official or employee shall use or attempt to use his official position to secure anything of value for himself that would not ordinarily accrue to him in the performance of his official duties, which thing is of such character as to manifest a substantial and improper influence upon him with respect to his duties.

Sec. 102.04

(A) Except as provided in division (D) of this section, no person elected or appointed to an office or employed by the general assembly or any department, division, institution, instrumentality, board, commission, or bureau of the state, excluding the courts, shall receive or agree to receive directly or indirectly, compensation other than from the agency with which he serves for any service rendered or to be rendered by him.

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personally, in any case, proceeding, application, or other matter that is before the general assembly, or any department, division, institution, instrumentality, board, commission, or bureau of the state, excluding the courts.

(B) Except as provided in division (D) of this section, no person elected or appointed to an office of or employed by the general assembly, or any department, division, institution, instrumentality, board, commission, or bureau of the state, excluding the courts, shall sell or agree to sell, except through competitive bidding, any goods or services to the general assembly, or any department, division, institution, instrumentality, board, commission, or bureau of the state, excluding the courts.

(C) Except as provided in division (D) of this section, no person who is elected or appointed to an office of or employed by a county, township, municipal corporation, or any other governmental entity, excluding the courts, shall receive or agree to receive directly or indirectly, compensation other than from the agency with which he serves for any service rendered or to be rendered by him personally in any case, proceeding, application, or other matter which is before any agency, department, board, bureau, commission, or other instrumentality, excluding the courts, of the entity of which he is an officer or employee.

(D) A public official who is appointed to a nonelective office or a public employee shall be exempted from division (A), (B), or (C) of this section if both of the following apply:

(1) The agency to which the official or employee wants to sell the goods or services or before which the matter that involves the rendering of his services is pending, is an agency other than the one with which he serves.

(2) Prior to rendering the personal services or selling or agreeing to sell the goods or services, he files a statement with the appropriate ethics commission, with the public agency with which he serves, and with the public agency before which the matter is pending or that is purchasing or has agreed to purchase goods or services.

The required statement shall contain the official's or employee's name and home address, the name and mailing address of the public agencies with which he serves and before which the matter is pending or that is purchasing or has agreed to purchase goods or services, and a brief description of the pending matter and of the personal services to be rendered or a brief description of the goods or services to be purchased. The statement shall also contain the public official's or employee's declaration that he disqualifies himself for a period of two years from any participation as such public official or employee in any matter involving any public official or employee of the agency before which the present matter is pending or to which goods or services are to be sold. The two-year period shall run from the date of the most recently filed statement regarding the agency before which the matter was pending or to which the goods or services were to be sold. No person shall be required to file statements under this division with the same public agency regarding a particular matter more than once in a calendar year.

E) No public official or employee who files a statement or is required to file a statement under division (D) of this section shall knowingly fail to disqualify himself from any participation as a public official or employee of the agency with which he serves in any matter involving any official or employee of an agency before which a matter is pending or to which goods or services were to be sold, or of a public agency that purchased or agreed to purchase goods or services.

(F) This section shall not be construed to prohibit the performance of ministerial functions, including, but not limited to, the filing or amendment of tax returns, applications for permits and licenses, incorporation papers, and other documents.

Sec. 102.05

There is hereby created the Ohio ethics commission consisting of six members, three of whom shall be members of each of the two major political parties, to be appointed by the governor with the advice and consent of the senate. Within thirty days of the effective date of this section, the governor shall make initial appointments to the commission. Of the initial appointments made to the commission, one shall be for a term ending one year after the effective date of this section, and the other appointments shall

be for terms ending two three four five and six years respectively after the effective date of this section. Thereafter terms of office shall be for six years each term ending on the same day of the same month of the year as did the term which it succeeds. Each member shall hold office from the date of his appointment until the end of the term for which he was appointed. Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall hold office for the remainder of such term.

No person shall be appointed to the commission or shall continue to serve as a member of the commission who is subject to the provisions of section 102.02 of the Revised Code other than by reason of his appointment to the commission. Members shall serve without compensation but shall be reimbursed for expenses actually and necessarily incurred in the performance of their official duties.

The commission shall meet within two weeks after all members have been appointed at a time and place determined by the governor. At its first meeting the commission shall elect a chairman and such other officers as are necessary and shall adopt rules for its procedures. After the first meeting the commission shall meet at the call of the chairman or upon the written request of a majority of the members. A majority of the members of the commission constitutes a quorum. No action shall be taken by the commission without the concurrence of a majority of the members thereof.

The commission may appoint and fix the compensation of an executive director and such other technical professional and clerical employees as are necessary to carry out the duties of the commission.

The commission may appoint hearing examiners to conduct hearings pursuant to section 102.06 of the Revised Code. The hearing examiners have the same powers and authority, in conducting the hearings as is granted to the commission. Within thirty days after the hearing the hearing examiner shall submit to the commission a written report of his findings of fact and conclusions of law and a recommendation of the action to be taken by the commission. The recommendation of the hearing examiner may be approved modified or disapproved by the commission and no recommendation shall become the findings of the commission until so ordered by the commission. Such findings of the commission shall have the same effect as if the hearing had been conducted by the commission. Hearing examiners appointed pursuant to this section shall possess the qualifications the commission requires. Nothing contained in this section shall preclude the commission from appointing a member of the commission to serve as a hearing examiner.

Sec. 102.06

The appropriate ethics commission shall receive and may initiate complaints against persons subject to Chapter 102 of the Revised Code concerning conduct alleged to be in violation of this chapter. All complaints except those by the commission shall be by affidavit made on personal knowledge subject to the penalties of perjury. Complaints by the commission shall be by affidavit based upon reasonable cause to believe that a violation has occurred.

The commission shall investigate complaints and may investigate charges presented to it and may request further information including the specific amount of income from a source from any person filing with the commission a statement required by section 102.02 of the Revised Code if the information sought is directly relevant to a complaint or charges received by the commission pursuant to this section. Such information is confidential. The person so requested shall furnish the information to the commission unless within fifteen days from the date of the request the person files an action for declaratory judgment challenging the legitimacy of the request in the court of common pleas of the county of his residence of his place of employment or of Franklin county. The requested information need not be furnished to the commission during the pendency of the judicial proceedings. Proceedings of the commission in connection therewith shall be kept confidential except as otherwise provided by this section. Before the commission proceeds to take any formal action against a person who is the subject of an investigation based on charges presented to the commission a complaint shall be filed

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against the person. If the commission finds that a complaint is not frivolous and there is
reasonable cause to believe that the facts alleged in a complaint constitute a violation of
section 102.02, 102.03, 102.04, or 102.10 of the Revised Code, it shall hold a hearing. If
the commission does not so find, it shall dismiss the complaint. The person against
whom the complaint is directed shall be given reasonable notice by certified mail of the
date, time, and place of the hearing, a statement of the charges and the law directly
involved, and shall be given the opportunity to be represented by counsel, to have
counsel appointed for him if he is unable to afford counsel without undue hardship, to
examine the evidence against him, to produce evidence and to call and subpoena
witnesses in his defense, to confront his accusers, and to cross-examine witnesses. The
commission shall have a stenographic record made of the hearing. The hearing shall be
closed to the public.

If upon the basis of the hearing the commission finds based upon a preponderance
of the evidence that the facts alleged in the complaint are true and constitute a violation
of section 102.02, 102.03, 102.04, or 102.10 of the Revised Code, it shall report its
findings to the appropriate prosecuting authority for proceedings in prosecution of
violations of Chapter 102 of the Revised Code and to the appointing or employing
authority of the accused.

If the commission does not find based upon a preponderance of the evidence that the
facts alleged in the complaint are true and constitute a violation of section 102.02,
102.03, or 102.04 of the Revised Code, or if the commission has not scheduled a
hearing within ninety days after the complaint is filed or has not finally disposed of the
complaint within six months after it has been heard, it shall dismiss the complaint and
upon the request of the accused person make a public report of the finding, but in such
case all evidence and the record of the hearing shall remain confidential unless the
accused person also requests that the evidence and record be made public. Upon
request by the accused person, the commission shall make the evidence and the record
available for public inspection.

The commission or a member of the commission may administer oaths and the
commission may issue subpoenas to any person in the state compelling the attendance
of witnesses and the production of relevant papers, books, accounts, and records. The
commission shall issue any such subpoena upon the request of an accused person.
Section 101.42 of the Revised Code shall govern the issuance of such subpoenas
insofar as applicable. Upon refusal of any person to obey a subpoena or to be sworn or
to answer as a witness, the commission may apply to the court of common pleas of
Franklin county under section 2705.03 of the Revised Code. The court shall hold
proceedings in accordance with Chapter 2705 of the Revised Code. The commission or
the accused person may take the depositions of witnesses residing within or without the
state in the same manner as prescribed by law for the taking of depositions in civil
actions in the court of common pleas.

At least once each year, the Ohio ethics commission shall report on its activities of
the immediately preceding year to the majority and minority leaders of the senate and
house of representatives of the general assembly. The report shall indicate the total
number of complaints received, initiated, and investigated by the commission, the total
number of complaints for which formal hearings were held, and the total number of
complaints for which formal prosecution was recommended by the commission. The
report shall also indicate the nature of the inappropriate conduct alleged in each
complaint and the governmental entity with which any employee or official that is the
subject of a complaint was employed at the time of the alleged inappropriate conduct.

All papers, records, affidavits, and documents upon any complaint inquiry or
investigation relating to the proceedings of the commission shall be sealed and are
private and confidential, except as otherwise provided in this section.

Sec. 102.07

No member, employee, or agent of the Ohio ethics commission, board of
commissioners on grievances and discipline of the supreme court, or senate or house
legislative ethics committee shall divulge any information or any books, papers, or

documents presented to the commission, house or senate legislative ethics committees or board of commissioners on grievances and discipline without the consent in writing of the appropriate ethics commission, unless such books, papers, or documents were presented at a public hearing, except as provided in section 102.06 of the Revised Code.

Sec. 102.08

The Ohio ethics commission, the board of commissioners on grievances and discipline of the supreme court, and the house and senate legislative ethics committees may recommend legislation relating to ethics, conflicts of interest, and financial disclosure and render advisory opinions with regard to questions concerning these matters for persons for whom it is the appropriate ethics commission. When the appropriate ethics commission renders an advisory opinion relating to a special set of circumstances involving ethics, conflicts of interest, or financial disclosure under Chapter 102 or section 2921.42 of the Revised Code, the person to whom the opinion was directed or who was similarly situated may reasonably rely upon such opinion and shall be immune from criminal prosecutions, civil suits, or actions for removal from his office or position of employment for a violation of Chapter 102 or section 2921.42 of the Revised Code based on facts and circumstances covered by the opinion if the opinion states there is no violation of Chapter 102 or section 2921.42 of the Revised Code. The appropriate ethics commission shall provide a continuing program of education and information concerning the provisions of Chapter 102 and section 2921.42 of the Revised Code and other provisions of law pertaining to ethics, conflicts of interest, and financial disclosure.

Sec. 102.09

(A) The secretary of state and the county board of elections shall furnish to each candidate for elective office who is required to file a financial disclosure statement by section 102.02 of the Revised Code a financial disclosure form, and shall notify the appropriate ethics commission, within fifteen days of the name of the candidate, and of the subsequent withdrawal, disqualification, or death of the candidate. The candidate shall acknowledge receipt of the financial disclosure form in writing.

(B) The secretary of state and the county board of elections shall furnish to each person who is appointed to fill a vacancy for an unexpired term in an elective office and who is required to file a financial disclosure statement by section 102.02 of the Revised Code a financial disclosure form, and shall notify the appropriate ethics commission within fifteen days of being notified of the name and position of the public official and the date of appointment. The person shall acknowledge receipt of the financial disclosure form in writing.

(C) The public agency or appointing authority that employs, appoints, or promotes any public official or employee who, as a result of such employment, appointment, or promotion, is required to file a financial disclosure statement by section 102.02 of the Revised Code shall, within fifteen days of the employment, appointment, or promotion, furnish the public official or employee with a financial disclosure form, and shall notify the appropriate ethics commission of the name and position of the public official or employee and the date of employment, appointment, or promotion. The public official or employee shall acknowledge receipt of the financial disclosure form in writing.

(D) The clerk of the senate and executive secretary of the house of representatives shall distribute to every member of his respective house prior to the first day of February a copy of the form for filing the financial disclosure statement under section 102.02 of the Revised Code. The member shall acknowledge his receipt in writing.

(E) Within fifteen days after any public official or employee begins the performance of his official duties, the public agency with which he serves or the appointing authority shall furnish him a copy of Chapter 102 and section 2921.42 of the Revised Code, and may furnish such other materials as the appropriate ethics commission prepares for distribution. The official or employee shall acknowledge their receipt in writing. The requirements of this division do not apply at the time of reappointment or reelection.

Sec. 102.10

No employee, officer, or board member of any of the five state retirement systems shall knowingly solicit or accept money, or gifts from any person doing business with or

legislative ethics committees without the consent in writing papers or documents were on 102.06 of the Revised Code

is or grievances and discipline ethics committees may st and financial disclosure taining these matters for When the appropriate ethics a set of circumstances under Chapter 102 or the opinion was directed or opinion and shall be immune a from his office or position of 42 of the Revised Code if the opinion states there is sed Code The appropriate ducation and information 142 of the Revised Code and rest and financial disclosure

tions shall furnish to each a disclosure statement in form and shall not; the ame of the candidate and of candidate The candidate n writing tions shall furnish to each term in an elective office by section 102.02 of the the appropriate ethics orting authority of the name ant. The person shall ng oys appoints or promotes idment appointment of t by section 102.02 of the appointment or promotion sure form and shall not; n of the public official or mption. The public official or ure form in writing he house of representatives or to the first day of a statement under section e his receipt in writing ee begins the performance s of the appointing authority 2 of the Revised Code and ommission prepares for e receipt in writing. The appointment or reelection

state retirement systems person doing business with or

soliciting the business of any of the retirement systems No person doing business with or soliciting the business of a retirement system shall knowingly offer or give money or gifts to any employee officer or board member of any of the retirement systems

Sec. 102.99

- (A) Whoever violates division (C) of section 102.02 of the Revised Code is guilty of a misdemeanor of the fourth degree
- (B) Whoever violates division (D) of section 102.02 section 102.03 102.04 or 102.07 of the Revised Code is guilty of a misdemeanor of the first degree
- (C) Whoever violates section 102.10 of the Revised Code is guilty of a misdemeanor of the fourth degree

Sec. 101.34

- (A) There are hereby created a house legislative ethics committee and a senate legislative ethics committee to serve each house of the general assembly Each committee shall be composed of six members three each from the two major political parties and each member shall serve on each committee during his term as a member of that general assembly The members of each committee shall be appointed by the speaker of the house and the president of the senate and the minority leaders of each house A vacancy in either committee shall be filled for the unexpired term in the same manner as an original appointment The members of each committee shall meet and proceed to recommend an ethics code not later than thirty days after the first day of each session of the general assembly
- (B) Each legislative ethics committee
 - (1) Shall recommend a code of ethics which is consistent with law to govern all members and employees of each respective house of the general assembly, and all candidates for the office of member of such house
 - (2) May receive and hear any complaint which alleges a breach of any privilege of the appropriate house or misconduct of any member employee or candidate or any violation of the appropriate code of ethics
 - (3) May obtain information with respect to any complaint filed pursuant to this section and to that end may enforce the attendance and testimony of the witnesses and the production of books and papers
 - (4) May recommend whatever sanction is appropriate with respect to a particular member employee or candidate as will best maintain in the minds of the public a good opinion of the conduct and character of members and employees of the general assembly
 - (5) May recommend legislation to the general assembly relating to the conduct and ethics of members and employees of and candidates for the general assembly
 - (6) Shall act as an advisory body to the general assembly and to individual members candidates and employees on questions relating to possible conflicts of interest
 - (7) Shall provide for the proper forms on which the statement required pursuant to section 102.02 of the Revised Code shall be filed and instructions as to the filing of the statement

Reference:

- Sec 1.03 Definition of anything of value
- Sec 3.04 Governor may remove or suspend appointee
- Sec 101.75 Resolution of disputes liability for false statement
- Sec 124.34 Removal of public officials and employees

OFFENSES AGAINST JUSTICE AND PUBLIC ADMINISTRATION: CHAPTER 2921.

- 2921 01 Definitions
- 2921 02 Bribery
- 2921 03 Intimidation
- 2921 04 Intimidation of crime victim or witness
- 2921 11 Perjury
- 2921 12 Tampering with evidence
- 2921 13 Falsification
- 2921 21 Compounding a crime
- 2921 22 Failure to report a crime or knowledge of a death
- 2921 23 Failure to aid a law enforcement officer
- 2921 24 Disclosure of confidential information
- 2921 25 Disclosure of peace officer's home address
- 2921 31 Obstructing official business
- 2921 32 Obstructing justice
- 2921 33 Resisting arrest
- 2921 34 Escape
- 2921 35 Aiding escape or resistance to authority
- 2921 36 Illegal conveyance of weapons or prohibited items onto detention facility or institution
- 2921 37 Arrest powers of detention facility chief
- 2921 41 Theft in office; restitution; withholding of retirement benefits
- 2921 42 Having an unlawful interest in a public contract
- 2921 43 Soliciting or receiving improper compensation
- 2921 431 Soliciting improper contributions
- 2921 44 Dereliction of duty
- 2921 45 Interfering with civil rights
- 2921 51 Impersonating a peace officer or private policeman

Sec. 2921.01 As used in sections 2921 01 to 2921 45 of the Revised Code

(A) "Public official" means any elected or appointed officer or employee or agent of the state or any political subdivision thereof, whether in a temporary or permanent capacity, and including without limitation legislators, judges, and law enforcement officers.

(B) "Public servant" means any of the following:

(1) Any public official.

(2) Any person performing ad hoc a governmental function, including without limitation a juror, member of a temporary commission, master, arbitrator, advisor, or consultant.

(3) A candidate for public office, whether or not he is elected or appointed to the office for which he is a candidate. A person is a candidate for purposes of this division if he has been nominated according to law for election or appointment to public office, or if he has filed a petition or petitions as required by law to have his name placed on the ballot in a primary, general, or special election, or if he campaigns as a write-in candidate in any primary, general, or special election.

(C) "Party official" means any person who holds an elective or appointive post in a political party in the United States or this state, by virtue of which he directs, conducts, or participates in directing or conducting party affairs at any level of responsibility.

(D) "Official proceeding" means any proceeding before a legislative, judicial, administrative, or other governmental agency or official authorized to take evidence under oath, and includes any proceeding before a referee, hearing examiner, commissioner, notary, or other person taking testimony or a deposition in connection with an official proceeding.

INISTRATION: CHAPTER 2921.

(E) "Detention" means arrest or confinement in any facility for custody of persons charged with or convicted of crime or alleged or found to be delinquent or unruly or detention for extradition or deportation. Detention does not include supervision of probation or parole nor constraint incidental to release or bail.

(F) "Detention facility" means any place used for the confinement of a person charged with or convicted of crime or alleged or found to be delinquent or unruly.

Sec. 2921.42

(A) No public official shall knowingly do any of the following:

(1) Authorize, or employ the authority or influence of his office to secure authorization of any public contract in which he, a member of his family, or any of his business associates has an interest.

death

(2) Authorize, or employ the authority or influence of his office to secure the investment of public funds in any share, bond, mortgage, or other security, with respect to which he, a member of his family, or any of his business associates either has an interest, is an underwriter, or receives any brokerage, origination, or servicing fees.

(3) During the term of office or within one year thereafter, occupy any position of profit in the prosecution of a public contract authorized by him or by a legislative body, commission, or board of which he was a member at the time of authorization and not let by competitive bidding or let by competitive bidding in which his is not the lowest and best bid.

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(4) Have an interest in the profits or benefits of a public contract entered into by or for the use of the political subdivision or governmental agency or instrumentality with which he is connected.

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(5) Have an interest in the profits or benefits of a public contract which is not let by competitive bidding when required by law and which involves more than one hundred fifty dollars.

(B) In the absence of bribery or a purpose to defraud, a public servant, member of his family, or any of his associates shall not be considered as having an interest in a public contract or the investment of public funds when all of the following apply:

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(1) The interest of such person is limited to owning or controlling shares of the corporation or being a creditor of the corporation or other organization, which is the contractor on the public contract involved or which is the issuer of the security in which public funds are invested.

f the Revised Code
officer or employee or agent of
a temporary or permanent
ges, and law enforcement

(2) The shares owned or controlled by such person do not exceed five per cent of the outstanding shares of the corporation, and the amount due such person as creditor does not exceed five per cent of the total indebtedness of the corporation or other organization.

(3) Such person, prior to the time the public contract is entered into, files with the political subdivision or governmental agency or instrumentality involved, an affidavit giving his exact status in connection with the corporation or other organization.

unction including without
master, arbitrator, advisor, or

(C) This section does not apply to a public contract in which a public servant, member of his family, or one of his business associates has an interest when all of the following apply:

s elected or appointed to the
ate for purposes of this division if
appointment to public office, or if
have his name placed on the
campaigns as a write-in

(1) The subject of the public contract is necessary supplies or services for the political subdivision or governmental agency or instrumentality involved.

(2) The supplies or services are unobtainable elsewhere for the same or lower cost or are being furnished to the political subdivision or governmental agency or instrumentality as part of a continuing course of dealing established prior to the public servant's becoming associated with the political subdivision or governmental agency or instrumentality involved.

elective or appointive post in a
of which he directs, conducts,
any level of responsibility
ore a legislative, judicial
authorized to take evidence
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or a deposition in connection

(3) The treatment accorded the political subdivision or governmental agency or instrumentality is either preferential to or the same as that accorded other customers or clients in similar transactions.

(4) The entire transaction is conducted at arm's length, with full knowledge by the political subdivision or governmental agency or instrumentality involved, of the interest of the public servant, member of his family, or business associate, and the public servant.

takes no part in the deliberations or decision of the political subdivision or governmental agency or instrumentality with respect to the public contract

(D) Whoever violates this section is guilty of having an unlawful interest in a public contract. Violation of division (A) (1) or (2) of this section is a felony of the fourth degree. Violation of division (A) (3), (4), or (5) of this section is a misdemeanor of the first degree.

(E) As used in this section, "public contract" means any of the following:

(1) The purchase or acquisition, or a contract for the purchase or acquisition of property or services by or for the use of the state or any of its political subdivisions, or any agency or instrumentality of either.

(2) A contract for the design, construction, alteration, repair, or maintenance of any public property.

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