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**STATE OF ALASKA
OFFICE OF THE LIEUTENANT GOVERNOR
JUNEAU**

March 7, 2018

The Honorable Pete Kelly
Senate President
State Capitol, Room 111
Juneau, AK 99801

Dear President Kelly:

I have determined that the initiative petition 17AKGA for an initiative entitled "An Act relating to government accountability to the People of the State of Alaska; and providing for an effective date" has been properly filed, and I have directed the Division of Elections to place the ballot title and proposition on the August 21, 2018 Primary Election ballot. A copy of the proposed law is also attached. The ballot title and proposition for 17AKGA is:

An Act Relating to Government Accountability to the People of the State of Alaska

This act would restrict a legislator from taking or withholding official action that would help or harm the financial interests of certain people. These people include a legislator's family, employer, potential employer, and anyone from whom the legislator or his or her immediate family earned more than \$10,000 in the prior year. The act would require a legislator to declare conflicts of interest before voting in a legislative committee. And it would require a legislator to ask to be excused from voting in the legislature if the legislator has a financial conflict. The act would prevent lobbyists from offering or giving legislators gifts of alcoholic drinks or significant food. The act would ban legislators from receiving per diem after the first 121 days of a regular legislative session, until they pass a budget bill or the next regular session begins. The act would prohibit the state from paying for foreign travel by legislators, unless it clearly benefits the state and serves a legislative purpose. The bill would also restrict money that foreign-influenced corporations could spend to influence a state or local candidate election. The Alaska Public Offices Commission would adopt regulations to enforce this part of the act.

Should this initiative become law?

In accordance with AS 15.45.190, the Director of the Division of Elections shall place the ballot title and proposition on the election ballot of the first statewide general, special, or primary election that is held after a period of 120 days has expired since the adjournment of the legislative session. Barring any unforeseen special election or a change in the date of adjournment of the current legislative session, this proposition is scheduled to appear on the election ballot on the August 21, 2018 primary election.

The Alaska Constitution Article XI, Section 4, and AS 15.45.210 provide the opportunity for an act of the legislature to void the petition if the act is determined to be substantially the same as the initiative proposal. If I make such a determination under AS 15.45.210, 17AKGA will not appear on the ballot.

Please feel free to contact my office should you have any questions about this initiative or the initiative process. My staff Scott Meriwether (465-4081) will be pleased to assist you.

Sincerely,



Byron Mallott
Lieutenant Governor

Enclosure

cc: Josephine Bahnke, Director of Elections
Jahna Lindemuth, Attorney General

**THE ALASKA GOVERNMENT ACCOUNTABILITY ACT
A BILL BY INITIATIVE**

“An act relating to government accountability to the People of the State of Alaska; and providing for an effective date.”

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

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a section to read:

FINDINGS AND INTENT. (a) The People of the State of Alaska find:

- (1) that the Government of Alaska must be accountable to the People of Alaska, and the People of Alaska alone;
- (2) that the Government of Alaska is not accountable to the People when it endangers our economy and our vital state functions by failing to pass a timely annual budget;
- (3) that the Government of Alaska is not accountable to the People when it uses taxpayer dollars to pay for foreign travel without requiring that such travel be of value to the People of Alaska;
- (4) that the Government of Alaska is not accountable to the People when corporations that are significantly controlled by foreign interests are permitted to spend unlimited amounts of money to influence our elections;
- (5) that the Government of Alaska is not accountable to the People when laws meant to prevent legislative financial conflicts of interest do not address many concerning conflicts of interest;
- (6) that the Government of Alaska is not accountable to the People when lobbyists are permitted to give unlimited gifts of food and drink to legislators; and
- (7) that in order to ensure that the Government of Alaska is accountable to the People and the People alone, the People must adopt laws that preserve, protect, and promote government accountability.

*** Section 2.** AS 24.60.030(e) is amended to read:

- (e) A legislator may not directly, or by authorizing another to act on the legislator's behalf,
- (1) agree to, threaten to, or state or imply that the legislator will take or withhold a legislative, administrative, or political action, including support or opposition to a bill, employment, nominations, and appointments, as a result of a person's decision to provide or not provide a political contribution, donate or not donate to a cause favored by the legislator, or provide or not provide a thing of value;
 - (2) state or imply that the legislator will perform or refrain from performing a lawful constituent service as a result of a person's decision to provide or not provide a political contribution, donate or not donate to a cause favored by the legislator, or provide or not provide a thing of value; or
 - (3) except as provided in (g) of this section or while participating in a public discussion or debate [UNLESS REQUIRED BY THE UNIFORM RULES OF THE ALASKA STATE LEGISLATURE], take or withhold official action or exert official influence that could substantially benefit or harm the financial interest of a person [ANOTHER PERSON WITH WHOM THE LEGISLATOR IS NEGOTIATING FOR EMPLOYMENT]
 - (A) who is a member of the legislator's immediate family;
 - (B) by whom the legislator or a member of the legislator's immediate family is employed;
 - (C) with whom the legislator is negotiating for employment; or

(D) from whom the legislator or a member of the legislator's immediate family has, in the immediately preceding 12-month period, received more than \$10,000 of income.

* **Section 3.** AS 24.60.030(g) is amended to read:

(g) Unless **otherwise** required by the Uniform Rules of the Alaska State Legislature, a legislator **shall declare a conflict of interest before voting** [MAY NOT VOTE] on a question **before a committee of the legislature, and shall request to be excused from voting on a question before a house of the legislature,** if the legislator **or a member of the legislator's immediate family** has a **financial** [AN EQUITY OR OWNERSHIP] interest in a business, investment, real property, lease, or other enterprise if the interest is substantial and the effect on that interest of the action to be voted on is greater than the effect on **the general public of the State. However, notwithstanding (e)(3) of this section and the limitations of this subsection, a legislator may vote on an appropriation bill that meets the requirements of AS 37.07.020(a) or 37.07.100 (Executive Budget Act) [A SUBSTANTIAL CLASS OF PERSONS TO WHICH THE LEGISLATOR BELONGS AS A MEMBER OF A PROFESSION, OCCUPATION, INDUSTRY, OR REGION].**

* **Section 4.** AS 24.60.030(j) is amended to read:

(j) In this section,

(1) "administrative hearing" means a quasi-judicial hearing before an agency; "administrative hearing" does not include an informal conference or review held by an agency before a final decision is issued or a rate-making proceeding or other nonadjudicative public hearing;

(2) "financial interest" means ownership of an interest or an involvement in a business, including a property ownership, or a professional or private relationship, that is a source of income, or from which, or as a result of which, a person has received or expects to receive a financial benefit;

(3) "substantially benefit or harm" means the effect on the person's financial interest is greater than the effect on the financial interest of the general public of the State.

* **Section 5.** AS 24.45.121(a)(9) is amended to read:

(9) offer, solicit, initiate, facilitate, or provide to or on behalf of a person covered by AS 24.60 a gift, other than **de minimis** food or **non-alcoholic** beverage for immediate consumption or a compassionate gift under AS 24.60.075; however, this paragraph does not prohibit a lobbyist from providing

(A) a gift to a legislator or legislative employee who is a member of the lobbyist's immediate family as defined in AS 24.60.990(a), if the gift is unconnected to the recipient's legislative status;

(B) tickets to a charity event described in AS 24.60.080(a)(2)(B); or

(C) a contribution to a charity event under AS 24.60.080(c)(10);

* **Section 6.** AS 24.60.080(a) is amended to read:

(a) Except as otherwise provided in this section, a legislator or legislative employee may not

(1) solicit, accept, or receive, directly or indirectly, a gift worth \$250 or more, whether in the form of money, services, a loan, travel, entertainment, hospitality, promise, or other form, or gifts from the same person worth less than \$250 that in a calendar year aggregate to \$250 or more in

value;

(2) solicit, accept, or receive a gift with any monetary value from a lobbyist, an immediate family member of a lobbyist, or a person acting on behalf of a lobbyist, except

- (A) de minimis food or non-alcoholic beverage for immediate consumption;
- (B) a contribution to a charity event, tickets to a charity event, and gifts to which the tickets may entitle the bearer; however, under this subparagraph a legislator or legislative employee may not solicit, accept, or receive from the same lobbyist, an immediate family member of the lobbyist, or a person acting on behalf of the lobbyist, tickets to a charity event, gifts to which the tickets may entitle the bearer, or both, that in a calendar year aggregate to \$250 or more in value; in this subparagraph, "charity event" means an event the proceeds of which go to a charitable organization with tax-free status under 26 U.S.C. 501(c)(3) and that the Alaska Legislative Council has approved in advance; the tickets may entitle the bearer to admission to the event, to entertainment, to food or beverages, or to other gifts or services in connection with the charity event;
- (C) a gift that is unconnected with the recipient's legislative status and is from a member of the legislator's or legislative employee's immediate family;
- (D) a gift delivered on the premises of a state facility and accepted on behalf of a recognized nonpolitical charitable organization; or
- (E) a compassionate gift under AS 24.60.075.

* **Section 7.** AS 24.10.130(b) is amended to read:

(b) Legislators and officers and employees of the legislative branch of government may be entitled to a per diem allowance. However, if a bill that fully funds state operating expenditures, identical to or equivalent in scope and purpose to the bill described at AS 37.07.020(a)(2), has not been passed by the legislature within the first 121 consecutive days of a regular legislative session, a member of the legislature is not entitled to a per diem allowance after that 121-day period until the first day after such a bill is passed by the legislature or the first day of the next regular legislative session, whichever occurs earlier. In this subsection, "passed by the legislature" has the meaning given in AS 01.10.070.

* **Section 8.** AS 24.10.120(a) is amended to read:

(a) Salaries, per diem, travel expenses, relocation expenses, and additional allowances for members of the legislature shall be paid as approved by the legislative fiscal officer. Payment for travel to final destinations outside the United States shall not be approved unless the member of the legislature files with the Legislative Affairs Agency a report clearly evidencing how such travel benefits the state and serves a legislative purpose. The Legislative Affairs Agency shall devise the form of the report and shall make filed reports available online to the public.

* **Section 9.** AS 15.13 is amended by adding a new section to read:

- (a) A foreign-influenced corporation shall not make, or to promise or agree to make—
 - (1) a covered expenditure with respect to a candidate in an election;

- (2) a contribution to a group;
- (3) a contribution to a person that makes covered expenditures or contributions, unless that person segregates contributions from foreign nationals and foreign-influenced corporations into a separate bank account that cannot be used, directly or indirectly, to finance covered expenditures or contributions.

(b) In this section,

- (1) The term “corporation” means any corporation, company, limited liability company, limited partnership, business trust, business association, or other similar entity.
- (2) The term “covered expenditure” means an independent expenditure, electioneering expenditure, or express communication, but does not include any media communication, membership communication, shareholder communication, or expenditure as defined in AS 15.13.400(6)(A)(iv) or (v).
- (3) The term “electioneering expenditure” means a purchase or a transfer of money or anything of value, or promise or agreement to purchase or transfer money or anything of value, incurred or made for a communication that—
 - (A) refers to a clearly identified candidate;
 - (B) occurs within the 60 days preceding a general, special, or runoff election for the office sought by the candidate or within the 30 days preceding a primary or preference election, or a convention or caucus of a political party that has authority to nominate a candidate, for the office sought by the candidate; and
 - (C) can be received by 500 or more persons in the jurisdiction the candidate seeks to represent.
- (4) The term “media communication” means any
 - (A) communication in a news story, commentary, or editorial distributed through the facilities of a radio station, television station, cable television system, or satellite system, newspaper, magazine, or other periodical publication, unless the facilities are owned or controlled by a political party, political committee, or candidate; or
 - (B) communication that constitutes a public debate or forum that includes at least two opposing candidates for an office or one advocate and one opponent of an issue, or that solely promotes such a debate or forum and is made by or on behalf of the person sponsoring the debate or forum, provided that—
 - (i) The staging organization is either:
 - (I) a charitable organization that does not make other covered expenditures and does not otherwise support or oppose any political candidate, political party, ballot propositions or questions, or initiative proposals; or
 - (II) a newspaper, radio station, television station, cable television system, or satellite system, newspaper, magazine, or other periodical publication, or other recognized news medium; and
 - (ii) The staging organization does not structure the debate to promote or advance one candidate or issue position over another.
- (5) The term “membership communication” means any direct and private communication between a membership organization or union and its members, if such organization or union—

- (A) is composed of members, some or all of whom have authority to administer the organization or union;
 - (B) expressly states the qualifications and requirements for membership in its articles, bylaws, or other formal organizational documents; and
 - (C) is not organized primarily for the purpose of making covered expenditures or influencing elections, ballot propositions or questions, or initiative proposals.
- (6) The term “shareholder communication” means any direct and private communication between a corporation and its shareholders or executive or administrative personnel.
- (7) The term “election” means any state or local election, including a special or runoff election.
- (8) The term “foreign national” is defined as in AS 15.13.068 (which includes foreign governments and subdivisions and agents thereof).
- (9) The term “foreign-influenced corporation” means any corporation to the extent that—
- (A) a foreign national or foreign owner holds, owns, controls, or otherwise has directly or indirectly acquired beneficial ownership of equity or voting shares in an amount equal to or greater than 5 percent of total equity or outstanding voting shares;
 - (B) two or more foreign nationals or foreign owners hold, own, control, or otherwise have directly or indirectly acquired beneficial ownership of equity or voting shares in an aggregate amount that is equal to or greater than 20 percent of the total equity or outstanding voting shares; or
 - (C) any foreign national or foreign owner participates in any way, directly or indirectly, in the process of making decisions with regard to covered expenditures or contributions.
- (10) The term “foreign owner” means an entity of which a foreign national holds, owns, controls, or otherwise has directly or indirectly acquired beneficial ownership of equity or voting shares in an amount equal to or greater than 50 percent of total equity or outstanding voting shares.
- (11) To determine the ownership percentage in paragraph (9)(B):
- (A) Ownership in a mutual or pension fund that holds securities is not a form of ownership or control in such securities unless the foreign national or foreign owner can exercise control or participate in the management of the fund;
 - (B) For privately-held corporations, a corporation shall determine its percentage of foreign ownership at the time it obligates funds to make covered expenditures or contributions.
 - (C) A publicly held corporation shall determine, using information that is known or reasonably should be known, whether it is “foreign-influenced” based on its aggregate foreign ownership percentage at the close of trading on the last business day of the calendar quarter preceding the date the corporation makes, or obligates funds to make, a covered expenditure or contribution, unless the corporation has actual knowledge of its foreign ownership percentage at the time of the covered expenditure or contribution, or obligation of such funds; sources of such information and knowledge include but are not limited to—
 - (i) information in its shareholder register;
 - (ii) information publicly available from the Securities and Exchange Commission or other governmental agencies;
 - (iii) information known to the corporation as a result of litigation, financing transactions, or proxies voted at annual or other meetings; and

(iv) information actually known to the corporation from whatever source.

(c) The Alaska Public Offices Commission shall adopt regulations under AS 44.62 (Administrative Procedure Act) to implement the provisions of this section, including the promulgation of regulations by July 1, 2019, to provide further guidance for corporations to determine the percentage of their foreign ownership.

*** Section 10.** The uncoded law of the State of Alaska is amended by adding a section to read:

If any provision of this Act, or the application of it to any person or circumstance, is held invalid, the remainder of this Act and the application to other persons or circumstances are not affected.

*** Section 11.** The uncoded law of the State of Alaska is amended by adding a section to read:

This Act shall take effect July 1, 2019.