Our Private Legislatures
Public Service, Personal Gain

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I am a firm believer in the people. If given the truth, they *can* be depended upon to meet any national crisis. The great point is to bring them *the* real facts.

*Abraham* Lincoln
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## Appendix
Nationwide Financial Disclosure Rankings
COMMENTARY

Money is influence, information is power

Four in ten Americans surveyed could not identify the current vice president of the United States, according to a 1998 survey. Two-thirds of those interviewed did not know the names of their representatives in Congress. If this is an indication of what citizens know about their federal government, what does this disturbing research imply about our knowledge of what goes on in our state legislatures?

Laws passed in state legislatures shape virtually every aspect of our lives — our safety, our health, our environment, our children, our pocketbooks, our privacy, and our rights as citizens. And with each passing year, we see more legislative activity in the states. During 1999, 25,031 new bills were signed into law in statehouses across the country.

That's 25,031 reasons to keep tabs on what goes on at the state level. The Center's 50States Project was formed to do just that.

With the notion that you cannot know too much about your public servants, the Center released "Our Private Legislatures — Public Service, Personal Gain," an unprecedented investigation of the outside economic interests of state legislators nationwide. Center writers illustrated how lawmakers across the country have placed private business interests ahead of the public trust.

What did we find? That what is often deemed illegal in the halls of Congress is "business as usual" at the statehouse. Some examples:

- An Alabama lawmaker sponsored legislation to provide $30 million in taxpayer-backed bonds for the University of Alabama-Birmingham, which also happened to be his employer.

- Nine Connecticut lawmakers whose relatives work for the state's county sheriff departments in 1999 impeded a constitutional amendment that would have abolished the sheriff's system, which has been characterized as little more than "a jobs program for politicians."

- Delaware lawmakers with stock in power companies operating in the state weakened conflict-of-interest rules so they could pass electricity deregulation legislation.

- A Florida lawmaker — whose brother is a commercial real estate developer — proposed legislation that would have virtually eliminated state oversight of land-use decisions and severely limited the state's ability to control new development.

- One Montana lawmaker — also a real-estate broker who could benefit from increased home sales — sponsored a bill that freed real-estate brokers from informing home buyers if a convicted sex offender lived in their new neighborhood.

- Two Nebraska lawmakers — both owners of stores that sell lottery tickets — pushed for legislation that would have increased their share of lottery ticket sales and reduced budget funding for gambling addiction services, as well as critical state programs for education and the environment.

- Members of the Oregon legislature easily approved a 60 percent pay increase for their legislative assistants — at least fifteen of whom just happened to be husbands and wives of state lawmakers.

Every time a lawmaker puts private financial interests first at the statehouse, citizens lose out.

It is important to note that the purpose of this report was not to indict part-time citizen legislatures, where people bring professional experience to the statehouse. If the American people want part-time legislatures in the states, then that is their business. Yet these past two years, we couldn't help but notice that current state-level "controls" and disclosure requirements simply fail to ensure that state lawmakers wearing more than one hat do their job properly. Unfortunately, the less the public knows about their politicians, the less power they have to oversee the officials they elect.

As an investigative fact-finding group, we believe that information is the key to citizens' power in this democracy. In that spirit, we are pleased to announce the beginning of "50StatesWatch," a series of articles dedicated to covering ethics, disclosure and policy in state legislatures nationwide. Follow this coverage at www.public-i.org.

Diane Renzulli
Director of State Projects
At a time when the nation’s 50 legislatures wield unprecedented power, the lawmakers who run them have significant private financial interests in the laws they impose on millions of Americans.

A two-year investigation by the Center for Public Integrity found startling conflicts of interest and other flaws in the system of state government, affecting policy decisions on everything from education to nuclear waste, taxes to health care.

In 1999, state governments introduced 139,097 bills and enacted 25,031, according to StateNet, and collected more than $470 billion in taxes. All the while they operate under disclosure laws much less stringent than those that govern members of Congress.

Despite the power and money that flows through statehouses, 41 out of the 50 legislatures are run by part-timers who meet a few months each year, and draw salaries that average about $18,000 annually. (Full-time salaries are much higher, averaging about $57,000.) In the end, even some of the most populous states leave the public interest to career lawyers, bankers, farmers, lobbyists and insurance brokers in the legislature.

According to an analysis of financial disclosure reports filed in 1999 by 5,716 state legislators:

- More than one in five sat on a legislative committee that regulated their professional or business interest.
- At least 18 percent had financial ties to businesses or organizations that lobby state government.
- Nearly one in four received income from a government agency other than the state legislature, in many cases working for agencies the legislature funds.

The report is the culmination of an unprecedented study by the Center, a non-profit, non-partisan government watchdog group. Funding for this report came from the Carnegie Corporation of New York, the Deer Creek Foundation, Ford Foundation, Joyce Foundation, John S. and James L. Knight Foundation, Alida R. Messinger, and the Open Society Institute.
Committee conflicts

One of the most common areas of potential conflict among our nation's legislators is the practice of gaining membership to legislative committees that regulate businesses they have an interest in.

For example, in the tobacco-growing state of North Carolina, of 148 legislators who were in office in 1998 (who were required to file disclosure statements in 1999), the Center found that nearly 60 percent sat on committees that directly affected their private income. (The high number in relation to other states is no doubt in part due to its strong disclosure laws.)

Among those lawmakers is House Minority Leader N. Leo Daughtry (R-Smithfield), a lawyer who sits on the Judiciary Committee and also serves on the Environment and Natural Resources Committee, the Public Utilities Committee and the Select Committee on the Tobacco Settlement.

In addition to practicing law, Daughtry owns a fertilizer company, and is a shareholder in Carolina Power & Light and part-owner of two tobacco warehouses. He has backed a major state tax break for the Philip Morris Tobacco Company, and has pushed to devote half the state's $4.6 billion tobacco settlement to tobacco-dependent communities to wean farmers off the cash crop.

"Leo makes every effort to do the right thing in every instance. No matter what the cost in financial gain," said Jay Warshaw, communications director for Daughtry's unsuccessful gubernatorial campaign. "It is confirmed by his voting record. All his fellow legislators can attest."

Lawmakers argue they pursue committee assignments related to their fields of interest because their knowledge helps make good law.

Lobbyist connections

The influence of special interest lobbyists on the legislative process is immeasurable.

In some statehouses, state lawmakers are the special interest lobbyists.

Illinois Sen. Kirk Dillard (R-Downers Grove) has been a registered lobbyist for his law firm for most of his legislative career. In 1995 Dillard became a prime sponsor and spokesman for "tort reform," a legislative effort to limit the amount of money plaintiffs can collect when suing businesses.

Among the chief beneficiaries of Dillard's legislation were insurance companies that provide medical malpractice coverage for doctors. Among the clients of Dillard's firm, Lord, Bissell & Brook: the Illinois State Medical Society's medical malpractice insurance arm.

Among the firm's areas of expertise is "medical defense litigation" according to its web page. But the Lord, Bissell firm is also paid to lobby, almost solely for large insurance companies. One of its current clients is ProNational Insurance Corp., a medical malpractice insurer.

Dillard said there is an explanation for why he is registered. In the course of firm business, he communicates with members of the executive branch of Illinois government, he said.

Some executive branch officials are on a list that requires registration for those who talk to them, he said. "I'm not registered for anything to do with the General Assembly and I don't advocate."

Dillard said he opted to "err on the side of caution" and register, knowing the information is open to the public.

Family tradition

Nepotism is rooted in virtually every level of government. But Oregon lawmakers have taken the practice of using public office to take care of relatives to an extreme.

At least 15 representatives and senators, 26 percent of the 58 officeholders, have placed spouses on the public payroll as legislative aides.

The lawmakers defend the longstanding practice, saying they need the additional income so they can afford to live in Salem during the legislative session. Surprisingly, good government advocates have resigned themselves to this conflict of interest.

But in a bold display of self-interest, the Oregon legislature in 1999 gave legislative assistants a 60 percent pay raise, boosting salaries to more than $1,800 per month.

In Connecticut, Republican Gov. John G Rowland in 1999 submitted a package of bills that would have abolished the state's outdated county sheriff's system — a scandal-ridden system critics said was ripe with open patronage and favoritism in hiring practices.

Ironically, those same hiring practices helped save the system for at least another year: Rowland's legislation encountered opposition from at least eight lawmakers with family ties to local sheriffs.
Rowland's legislation had the misfortune of being referred to the 54-member Joint Appropriations Committee, where six committee members, including the Senate and House co-chairs, had family employed as sheriffs. All six voted against the resolution and it went down to defeat 17-31.

Conflict inevitable?

The conflict-of-interest issue is rooted in economics: most lawmakers need to earn additional income to support their families. When not in session, legislators frequently pursue careers regulated by the states.

Because the vast majority of state lawmakers only work part-time, those accused of having conflicts of interest respond with a common refrain: They have to be able to make a living.

"See, the problem you guys have got with all this is we get paid $27,000 a year up here. I can't live on that. And yet you guys want to protect everybody's civil rights in this process except mine. And you want to trample on mine, and make everything a perceived conflict of interest. And how do you expect me... to make a living? Is that a fair question?"

That is how Florida Rep. George Albright (R-Ocala) defended an apparent conflict of interest. Albright is a lawyer, real estate broker and land speculator who tried to deregulate state control of growth issues.

Albright poses a fair question, some ethicists say.

"It is a tough call. You can't ask them to give up the job, particularly if you're not paying them a livable salary," said Jennie Drage, a policy specialist with the National Conference of State Legislatures.

Another question lawmakers often pose is whether taxpayers prefer laws and policy crafted by industry insiders with an understanding of the subject matter, or by neophytes without personal financial interests at stake.

South Carolina Sen. John Land III (D-Manning) is a lawyer who earned more than $600,000 representing injured workers in 1998. He has participated extensively in reforming the state workers' compensation system, and asks "Who better to fix it than someone who understands it?"

"I hope most people realize they need attorneys in there, and if they preclude us from making a living, they're going to end up with only retirees and rich folks serving," he said.

Tough to defend

Drage contends lawmakers keep a watchful eye for conflicts of interest. It is a "system of checks and balances within a system of checks and balances," she said.

But in some cases, it appears legislators are acting purely in their own self-interest.

In Nebraska, Sens. Ray Janssen, of Nickerson, and Thomas Baker, of Trenton, doggedly supported legislation that would boost compensation for lottery retailers by 20 percent.

Janssen and Baker are themselves lottery retailers.

The two men proposed to raid funds dedicated to public education, the environment and treatment programs for gambling addiction to give more money to lottery retailers.

Environmental lobbyist Randy Moody said it was easy to see whose interest the senators were representing. "I think it's fairly obvious that their own interest would have been enhanced if in fact the bill would have passed," he said.

The bill failed.

In Maine, one lawmaker is president and CEO of a multimillion dollar health care claims processing corporation and the president of a fast-growing chain of pharmacies.

As a member of the powerful Committee on Appropriations and Financial Affairs, Rep. Joseph Bruno (R-Raymond) had a say in allocating more than $10 million worth of state contracts to Goold Health Systems, the 115-employee Augusta-based private company he has run since 1995.

During his two terms, the number and monetary value of Goold's state contracts soared. He opened a chain of pharmacies with one other high-ranking Goold official, then crafted legislation that helped save pharmacies in the state millions of dollars. At the same time, Bruno sought to increase the power of a state licensing board on which one of his employees sits, and tried to give greater power to a pharmacy association that counts him as a board member.

States’ power on the rise

President Ronald Reagan 20 years ago launched what he called the “new federalism” experiment in returning to state legislatures power and responsibility that until then had rested with Congress.

Supreme Court decisions in recent years have further tilted the balance of power to the states. As this ‘devolution’ of power plays out, special Interests have fanned out from Capitol Hill to places like Sacramento, Austin and Dover.
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decision plays out, special interests have fanned out from Capi-
tol Hill to places like Sacramento, Austin and Dover.

Lobbyists outnumber state lawmakers by a margin of nearly 6 to 1, according to a Center survey. And the stakes are even higher as more federal money, and controversial decisions about such issues as health management organizations and deregulation of the utility industry fall to state lawmakers.

But unlike the full-time legislators in Congress, part-time state lawmakers are less able to make independent decisions about key economic issues because they often earn a living from the industries involved.

The electric utility industry — in the midst of a dramatic revamping by state lawmakers — presents a striking case study of conflicting interests.

Among the most common financial connections at the state level is with energy companies, largely through stock ownership. Two dozen states have passed laws easing government regulation of the industry, raising disturbing questions about how new energy rules will affect the public.

Ohio Sen. Roy Ray (R-Akron) collected more than $161,000 in consulting fees from the First Energy Corp., among the companies that stood to gain up to $8 billion under a bill sponsored by Ray.

In Delaware, the legislature in 1999 eased government restrictions on electric utility sales. Lawmakers called the bill a winning proposition for everyone involved.

Some lawmakers were in a position to win, too. Eight House members held thousands of dollars each in stock in Delaware's biggest utility company when they voted on the deregulation bill.

A diligent press and an engaged electorate are important. And efforts to make financial information available to the public are paramount.

Meanwhile, a senator who works as an "alternative energy consultant" added an amendment worth hundreds of thousands of dollars to "green" energy interests, possibly even his own. Furthermore, the state's power company has a top officer well positioned on the board of a nonprofit run by the chairman of the Special Task Force on Telecommunications and Electric Utility Deregulation and primary sponsor of the deregulation bill.

Regulation of health insurance has also become more of a state issue in recent years.

In Pennsylvania, Rep. Merle H. Phillips (R-Sunbury) admitted to using the legislative charette he has as majority caucus administrator to insert budget provisions aimed at helping chiropractors by increasing access to chiropractic services.

In 1999, he inserted into the 222-page state budget language that allowed recipients of Medicare and other forms of medical assistance "direct access" to chiropractic services without a primary care physician's referral and obligated managed care plans to pay for the visit.

Phillips's son is a chiropractor.

Kim Kockler, executive director of the Pennsylvania Managed Care Association, told the Center that Phillips' addition to the budget delivered to the chiropractic industry what years of failed bills could not. She called the "direct access" budget additions a political "maneuver to get something accomplished."

Disclosure under attack

Electric utility deregulation also exemplifies how lawmakers sometimes respond when conflicts are publicized.

The eight Delaware lawmakers with investments in a major state utility were forced to declare conflicts of interest and abstain from a January 1999 vote on the deregulation bill.

But several weeks later, the House watered down disclosure rules so that even those heavily invested in the utility were clear to vote without declaring a conflict when the bill returned to the House for a second roll call.

The change happened quietly, with little notice. "I wasn't aware of the change," said John Flaherty, a lobbyist for Common Cause of Delaware. "It sounds like they are deregulating ethics," he said.

That's not the only occasion where a state legislature has tried to weaken disclosure requirements.

In Indiana, Rep. Chester Dobis (D-Merrillville) is married to a woman who sells advertising specialty items to an association that lobbies for the commercial trucking industry.

Dobis doesn't want that information to be made available to the public. But under Indiana law, they are required to report any business with a lobbyist that exceeds $100.

Or at least that's the way it used to be.

In the 1999 session, Dobis proposed an amendment to an unrelated bill that removed the requirement for lawmakers to list such retail transactions from their annual financial dis-
The Indiana Motor Truck Association has been a good customer of his wife's business.

In 1996, the association purchased $2,401 from Identitees, owned by Mrs. Dobis. In 1997, the association purchased in excess of $100 in goods. In 1998, the total was $2,000, according to disclosure records.

Dobis, chairman of the House Ethics Committee, says he has nothing to do with his wife's business and does not feel beholden to the trucking industry.

However, during the 1999 legislative session, he sponsored HB 2022, an overhaul of the tax system for commercial trucks in Indiana. It is a complex piece of legislation that would change the tax on trucks from an ad valorem system, to an excise tax, more similar to how automobiles are taxed.

The bill, prepared by the trucking association, affected 162,000 vehicles at the time, according to a fiscal impact statement prepared for legislators.

**What's the answer?**

Ethicists and political scholars differ on what constitutes a conflict.

"The division really is the difference between someone who is passing legislation to help himself directly as opposed to the industry he may be working for," said Robert Stern, president of the Center for Governmental Studies. "And most states do say if it affects an industry, you're free to do that."

Stern's group studies ethics, campaign finance and campaign contributions.

"Because constituents know - you can't stop trial lawyers from working on legislation about trial lawyers, you can't stop farmers from working on laws about agriculture." If you do, he said, "you're asking them to be either retired or students or unemployed."

Stern said the one rule that all state legislatures should abide by is keeping the public informed about lawmakers' interests.

"The big question, I guess, is are they disclosing everything and is anybody looking at these statements?" he said. There's also the question of enforcement "Just to say you didn't file on time, we're going to fine you, I think is important."

Finally a diligent press and an engaged and educated electorate are important. And efforts to make financial information available to the public are paramount.

"Ultimately, it is up to the taxpayer to decide whether a legislator is operating in good faith or not," said Charles Lewis, executive director of the Center for Public Integrity. "And it is in that spirit that we have made this information available."

See Section 3 on page 13 for state-by-state breakdowns of potential and actual conflicts of interest.
Hidden Agendas
How State Legislators Keep Conflicts of Interest Under Wraps

Read any newspaper for a week and you're likely to see a variation on the same theme: the story of a state legislator who's abusing his or her position of public trust for private gain.

The list, drawn from newspaper accounts, is seemingly without end:

- In one case, a Maryland lawmaker fails to disclose thousands of dollars in fees received from questionable contracts with companies seeking to do business with the state government.
- In another, a Massachusetts lawmaker stalls legislation that would tighten inspection standards for trucking companies in the state, benefiting his family's trucking business.
- In another, a New Mexico liquor retailer votes against legislation that would, in effect, kill drive-up liquor windows in the state.
- In yet another, an Arkansas lawmaker agrees, in exchange for payments from dog-racing interests, to introduce profit-boosting legislation they wanted.
- A Connecticut lawmaker pushes for the legislature to relocate the New England Patriots to a stadium in downtown Hartford even though his law firm does work for a company involved in the deal.
- Retired teachers in the Missouri legislature vote retired teachers — and thus themselves — more-generous pension benefits.
- Two state representatives in Alabama stall activity on the state's education budget until their employer, a state university, receives $5 million for higher salaries, among other things.

With the public's right — indeed, its need — to know in mind, the Center for Public Integrity methodically examined the ethics, conflict-of-interest, and financial-disclosure laws that apply to more than 7,400 state lawmakers from coast to coast.

The Center's exhaustive investigation uncovered widespread deficiencies in the very laws that are designed to maintain the public's trust in the democratic foundations of law-making institutions.

In case after case, the Center found, lawmakers have written disclosure laws that are designed to keep the public and the press in the dark about their personal financial activities and interests, have drilled truck-sized loopholes into existing disclosure and conflict-of-interest rules; and have made it extraordinarily — and unnecessarily — difficult for others to obtain the reports they file.

The only possible rationale for the elaborate obstacle courses that the Center uncovered is the belief of many state lawmakers that their private financial affairs are nobody's business but their own.

What we found

In evaluating the financial-disclosure laws that apply to members of the legislatures in all 50 states, the Center used criteria drawn from the following categories: outside employment; investments; ownership of real property, officer/directorships; clients; family income and interests; public access to disclosure records; and the existence of penalties for violations of the disclosure laws.

The Center graded all 50 states as follows:

Nearly half the states received failing grades because lawmakers can hide significant categories of information about
their private financial interests from the public and the press. In three of the states (Idaho, Michigan, and Vermont), lawmakers do not have to file financial-disclosure reports of any kind—no matter how serious their potential or actual conflicts of interest may be.

In another state (Utah), lawmakers themselves are left to decide under what circumstances, if any, they disclose activities or interests that pose such conflicts. And in the remaining twenty states (Georgia, Iowa, Illinois, Indiana, Louisiana, Maine, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Jersey, North Dakota, Oklahoma, Pennsylvania, South Dakota, Tennessee, West Virginia, and Wyoming), lawmakers do not have to disclose basic information about their private financial interests that would illuminate actual or perceived conflicts.

Twelve states received barely passing grades. Although lawmakers in all of these states (Arkansas, Colorado, Delaware, Florida, Kansas, Kentucky, Maryland, Massachusetts, Missouri, New Mexico, Ohio, and South Carolina) have to disclose some basic information about their private financial affairs, they can exploit loopholes in their respective financial-disclosure laws to keep a wide range of private business activities and interests from public view.

Fourteen states received grades of satisfactory to excellent. In these states (Alabama, Alaska, Arizona, California, Connecticut, Hawaii, New York, North Carolina, Oregon, Rhode Island, Texas, Virginia, Washington, and Wisconsin), lawmakers must generally disclose a broad array of information on their incomes, assets, clients, family interests, and ownership of real property.

Nonetheless, the Center found, lawmakers in these states often use loopholes in their respective disclosure laws to shield some of their private business activities and interests from the press and the public.

As the Center’s state-by-state analysis shows, in fact, it’s the loopholes that frequently eviscerate otherwise well-intentioned disclosure laws. Taken together, the financial-disclosure rules that apply to the nation’s state legislators may be more loophole than law. Consider:

- Lawmakers in 37 states do not have to evaluate their business activities or investments—to distinguish, even in broad ranges, $5,000 from $50,000 or $500,000, for instance.

- Thirty states allow legislators in certain classes—accountants, consultants, lawyers, and other such professionals—to keep the identities and business interests of their clients secret. Even in states that require legislators to disclose some of this information, secrecy, more often than not, still rules. In Alabama, Maine, North Carolina, and Tennessee, for example, lawmakers in these professions do not have to identify clients but can merely list such broad industry categories as utilities, health care, or manufacturing on their disclosure forms.

- Lawmakers in 28 states do not have to disclose the business activities and interests of all members of their immediate families.

- Lawmakers in 18 states do not have to provide any information about their ownership of real property.

- Lawmakers in 17 states do not have to provide any information about their spouse’s employment and earnings—even if the spouse’s livelihood is provided by one or more interests that the lawmaker regulates.

- Lawmakers in 18 states do not have to provide any information about stock owned by spouses or other members of their immediate families, thereby shielding a panoply of potential conflicts from the press and the public.

- Lawmakers in 11 states do not have to identify corporations—whether for profit or not-for-profit—in which they are officers or directors.

- Lawmakers in seven states do not have to list companies in which they own stock, making it all but impossible for anyone else to assess potential conflicts.

From coast to coast, some of the loopholes are so distinctive that they are virtually impossible to categorize or catalogue.

In North Dakota, lawmakers do not have to disclose their primary source of income. In Iowa, state senators do not have to name their employers.

In New Jersey, lawmakers do not have to report any of their real-property interests unless their holdings are in jurisdictions “in which casino gambling is authorized,” because the only such jurisdiction is Atlantic City, none of the state’s 120 lawmakers reported any real-property holdings in 1997.

Lawmakers in New Hampshire do not have to disclose any stock holdings or income. In South Carolina, lawmakers do not have to disclose any investments unless they own more than 5 percent of a company’s outstanding shares and unless their holdings in that company are worth more than $100,000.

In Louisiana, the questions on the disclosure reports that legislators fill out are so narrow that 29 of the 38 state senators did not disclose any income in 1998.

Crazy quilt

The “crazy quilt” nature of financial-disclosure laws across the United States undoubtedly has the effect of eroding public confidence in state legislatures. What’s ethical in one state is unethical in another, what’s legal in one state is illegal in
another, what lawmakers must fully disclose in one state lawmakers in another can hide completely.

The idea behind requiring state legislators to file personal financial-disclosure reports stems from the philosophy that public office is a public trust. To maintain that trust, to safeguard the relationship between the elected and the electorate, lawmakers are expected to draw a line between their public actions and their private activities and interests.

If they fully disclose those activities and interests, others — their constituents, news organizations, and their peers in the legislature — are at least armed with the information they need to decide whether a particular lawmaker’s actions have been influenced by factors other than the public good.

Personal financial-disclosure laws are vital at the statehouse level, as 41 states rely on part-time lawmakers and legislative service is often just one of several hats they wear.

The Washington State Public Disclosure Commission, which monitors the filing of personal financial-disclosure statements by members of the state legislature (among other elected and appointed officials), emphasizes on the cover of the booklet containing the forms that “the public’s right to know of ... the financial affairs of elected officials and candidates far outweighs any right that these matters remain secret and private.”

The commission, in language that could well be a model for its 49 counterparts, goes on to observe:

“Filing reports that disclose financial interests and holdings is more than a formality. It’s a means for the public to have tangible proof that officials are acting in the public interest and not for their private gain. Conversely, completing the reports gives officials an opportunity annually to review their holdings and be more sensitive to subjects that might pose an actual or perceived conflict of interest.

“Some form of conflict of interest or ethics laws has been on the books for generations. They stem from common law and the biblical caution that ‘no man can serve two masters.’ These laws, and their inherent prohibitions, go hand-in-hand with financial disclosure. Each is virtually meaningless without the other.”

Navigating the obstacle course

Nonetheless, lawmakers in many states have tried to render the laws meaningless by erecting formidable — and sometimes impassable — obstacle courses in front of their financial-disclosure statements.

Here are a few examples:

- In Maryland, Montana, and North Carolina, for example, anyone who wants to review or copy all reports filed by state legislators has to do so in person, even if it means driving hundreds of miles to get to the single office in the state where the forms are filed. In Maryland the forms are not even available anywhere in the state capitol.

- In North Dakota, anyone who wants to review all of the financial-disclosure reports completed by state legislators must contact fifty-three separate county offices in which they are filed.

- Seven states require anyone who wants to examine the disclosure statements filed by state legislators to disclose information about themselves before they can even see or copy the reports. Four of them (Illinois, Maryland, Massachusetts, and Wisconsin) forward the personal information provided by requestors to lawmakers. The remaining three (Alabama, New Mexico, and New York), not only keep request forms on file but freely make personal information available to others, including lawmakers.

Loopholes often eviscerate well-intentioned disclosure laws. Taken together, the financial-disclosure rules that apply to state legislators may be more loophole than law.

But perhaps the most telling reflection of how little importance many state legislatures attach to the financial-disclosure rules under which they operate lies in the enforcement of those rules:

- In seven states (Indiana, Iowa, Louisiana, Maine, Mississippi, New Hampshire, and Virginia), lawmakers can withhold this information from the public because there are no penalties on the books for filing late financial-disclosure reports. Three states (Hawaii, Indiana, and Iowa) have no penalties for filing inaccurate or even fraudulent reports.

- In six states (Iowa, Indiana, Louisiana, North Carolina, Ohio and South Carolina), lawmakers have specifically exempted themselves from the oversight of state ethics agencies.

- In Hawaii, state legislators exempted themselves from a key clause of the conflict-of-interest statute by defining a state employee as "any state employee other than state legislators."

- In Colorado, state legislators must abstain from voting when they have a "personal or private interest" in legislation, but the law has a built-in escape clause: "in no case," it says, "shall failure to disclose constitute a breach of trust of legislative office."
This report — the Center's analysis of conflict-of-interest, disclosure and ethics laws in all 50 states — is the first phase of a two-year project that aims to examine how the state legislators weigh their public duties against their private economic interests.

This project is an outgrowth of the Center's recent examinations of the Indiana and Illinois legislatures, where Center researchers found not only that lawmakers routinely proposed and voted on measures that could boost their own incomes, but also that the relevant financial-disclosure and conflict-of-interest laws often went unenforced.

In Indiana and Illinois, the Center found that relevant financial-disclosure and conflict-of-interest laws often went unenforced. Throughout 1999, Center researchers will identify the business activities and interests of more than 7,400 state lawmakers, put that information into an Internet-accessible format, and release its findings in mid-2000.

In researching state conflict-of-interest laws across the country, the Center ran across many news accounts that, especially when taken together, vividly illustrate why financial-disclosure laws — and the enforcement of those laws — is so important. A handful of recent cases show that the real-life conflicts are neither isolated nor inconsequential.

Special relationships

In Ohio, State Senator Roy Ray hid the fact that he was taking in more than $10,000 a month from Ohio Edison, one of the state's largest electric utilities. Ray managed to obtain a ruling from the Joint Legislative Ethics Commission that he did not have to disclose his relationship with Ohio Edison because the company paid him through his consulting firm, Merriman Financial Services, and because Ohio Edison was not classified as a "legislative agent."

It was only after the consulting arrangement had ended that the public and press learned that Ray's firm had received $161,500 from Ohio Edison over fifteen months — and only because the company had to disclose its consulting agreements to the U.S. Department of Energy as part of its pre-merger paperwork.

In the meantime, Ray had voted on various bills that Ohio Edison had lobbied lawmakers on. One, for example, would have allowed companies to conceal environmental violations uncovered during internal audits.

Ray also voted on the budget and appointments to the Public Utilities Commission, which regulates Ohio Edison's rates, and he was appointed to the Select Committee on Electric Utility Deregulation.

In Florida, then-State Senator Alberto Gutman, while serving as vice-chairman of the chamber's Health Care Committee, accepted $500,000 from Max-A-Med Health Plans for brokering the HMO's sale to Physician Corporation of America.

"I don't see it as a conflict in any way," Gutman told a reporter for the Fort Lauderdale Sun-Sentinel in 1995, "I try to keep my state job separate from my personal business. I'm a part-time legislator and I've got a family I have to support."

In Indiana, then-State Representative Sam Turpin, while he was serving as the chairman of the Ways and Means Committee, failed to disclose that he had taken at least $50,000 from American Consulting Engineers, an engineering firm that held contracts with riverboat casinos in the state.

During the years he was paid by the company, he voted on legislation that the company wanted. He was ultimately indicted for bribery, perjury, and filing a fraudulent campaign report.

In Georgia, House Majority Leader Larry Walker sponsored legislation in 1998 that would have specifically benefited the Georgia Beer Wholesalers Association and its members. The association happened to be a client of his law firm.

In Arizona, State Representative Bob Bums pushed for legislation in 1996 that would have made it harder to sue child-care centers in the state by narrowing the definition of child abuse, requiring a higher standard of proof to prove abuse, and allowing such centers to purge complaints from their files in just 60 days. Bums and his wife own a day-care center in Arizona.

In New Mexico, State Senate President Manny Aragon for years has fiercely opposed proposals that had sought to privatize the state's prison system. But in 1998, Wackenhut Corrections Corporation, which is seeking such contracts nationwide, hired him. Aragon has refused to disclose how much the company is paying him, and the state's disclosure law doesn't require him to.

"Just because I work for Wackenhut," he told a reporter for the Albuquerque Tribune, "doesn't mean they own me."

See appendix on page 102 for Nationwide Disclosure Rankings. Co to www.50statesonline.org to view the report on the Internet.

In addition to releasing a 50,000+ record database detailing state lawmakers' outside jobs, investments and personal business interests, Center researchers and writers illustrated conflicts of interest in each state. In other words, they wrote more than fifty stories about how lawmakers across the country have placed private business interests ahead of the public trust.

A team of approximately ten researchers worked for two years on this project. They gathered financial disclosure forms filed by nearly 7,000 state lawmakers, turned the paper records into name-retrievable databases, made searchable on our Web site by the Center's Information Systems team. Center researchers attempted to contact every state lawmaker about information on their financial disclosure filings. Center writers worked tirelessly for a year developing the state-by-state narrative.

In the following pages, under the heading "Public Service, Personal Gain," find those stories accompanied by analysis of the potential for conflicts of interest in every state legislature.

On February 15, 1999 the Center released "Hidden Agendas," its first-ever electronic report via the Center's Web site: www.publicintegrity.org. The highlight of the report was an analysis of state financial disclosure laws, including a nationwide ranking of best to worst.

The Center evaluated financial disclosure laws that apply to members of the legislatures in all 50 states, and ranked the states on basic disclosure components and access to public records. For each state, Center researchers analyzed and evaluated disclosure requirements regarding: outside employment, officer or directorship positions, investments, real property ownership, clients, family income and interests, public access to disclosure records and existence of penalties for violations of disclosure laws.

The Center's Web site release consisted of more than 300 pages of information including how to access these records, what lawmakers must do before a vote affecting their financial interests, and how states compare in disclosure of private financial interests and activities.

In the following pages, under the heading "From Hidden Agendas Report," find breakdowns of the rankings with detailed information about what lawmakers are required — and not required — to report on financial disclosure filings in each state.
Public Service, Personal Gain in Alabama

by John Dunbar

In the 1998 legislative session, Rep. John Rogers (D-Birmingham) sponsored a bill that would provide $30 million in taxpayer-backed bonds to rebuild Volker Hall at the University of Alabama at Birmingham.

Although he fails to mention it in the annual financial disclosure form he files with the state, Rogers is director of minority affairs at the college, earning a $57,084 salary in 1997, according to the Montgomery Advertiser.

Also that year, Rogers and fellow UAB administrator Rep. George Perdue (D-Birmingham), who earned $83,846 in 1997 from the school, were among 13 sponsors of a bill that would provide $10 million to UAB to create a forensic sciences institute.

Another co-author of the bill was Rep. John Knight (D-Montgomery), an administrator with Alabama State University. That school was slated to receive $6.5 million in funding for the project.

Rogers does not think he’s done anything improper.

Part-time legislature

"We’re down here part-time," he said of Alabama’s legislature. "We've got pharmacists who pass pharmacy bills, farmers who pass agriculture bills and lawyers who pass law bills. I don't see it cause any conflicts."

Knight did not return calls seeking comment.

Rogers and Perdue led a filibuster the same legislative session to stall action on the state education budget until UAB received another $5 million for faculty and staff pay raises.

"I held the legislature up for a month and a half," Rogers said.

He objected to the bill because it did not provide pay raises for employees of the hospital attached to the university. Rogers said he did not benefit personally from his action but was acting in the best interest of the medical center.

"I sponsor a lot of medical bills," he said. "I get requests all the time (from faculty to pass legislation). I don't per se sponsor bills for the university."

Perdue did not return calls seeking comment.

83 of Alabama lawmakers who were in office in 1998 (and filed disclosure statements in 1999) the Center found at least 33 percent reported being employed by state-supported colleges or public schools.

Among them is the speaker of the House, who is also president of Wallace Community College, and the chainwoman of the House Education Committee, who is president of Bishop State Junior College.

That clout may have had something to do with the 8.5 percent cost of living increase passed for school workers in the 1998 legislative session. At least 10 of the measure’s 33 sponsors were employees or were married to employees of state-funded schools.

Potentials for Conflict: A Snapshot

Of Alabama lawmakers in office in 1998, who filed personal financial disclosures in 1999:

- 22% sat on legislative committees that regulated their professional or business interest
- 19% had financial ties to businesses or organizations that lobby state government
- 29% received income from a government agency other than the state legislature

By Marc Reynolds, Legislative Analyst for the Retirement Systems of Alabama.

Colleges a big influence

The pay raise specifically included employees of the state’s expansive community college system. At least 16 Alabama lawmakers or their spouses reported having jobs at one of the state’s two- or four-year colleges.

"You've got a very strong education lobby in Alabama," said Marc Reynolds, who tracks legislation for the Retirement Systems of Alabama.

He said college employees tend to use their influence through the general education budget rather than specific bills. He also noted many of those employees of colleges have seen their job status rise as they have ascended through the legis-
The legislature's overwhelming number of school employees was the subject of a lawsuit filed on behalf of three Alabama citizens, charging 21 Alabama lawmakers with having a conflict of interest because they worked for public agencies, mostly colleges and schools.

One of the defendants, Rep. Joe M. Ford (D-Gadsden), told the Chronicle for Higher Education the suit was a “political ploy” manufactured by Republican activists. The lawsuit was dismissed August 1998. The judge ruled the state constitution allows voters to choose who represents them.

**From Hidden Agendas Report**

Alabama ranked second in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Alabama received 96 out of a possible 100 points.

The Center examined what it termed “basic,” or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Alabama's "Statement of Economic Interests" requires all of the above be disclosed.

Alabama is one of 22 states that require lawmakers to disclose private employment income and investments for all members of their households.

Alabama is one of only nine states that allow citizens to differentiate between minor and major sources of lawmakers’ economic interests, because these states require lawmakers to report the value or value range of their employment income and investments.

Alabama is one of 20 states that require lawmakers to disclose some information about business clients.

**Public Service, Personal Gain in Alaska**

by Robert Moore

One day after her colleagues chose her as president of the Alaska State Senate in 1998, Drue Pearce (R-Anchorage) received another gift from her fellow lawmakers:

Members of the legislature's Select Committee on Legislative Ethics — of which Pearce is a member — cleared her of charges that she violated the state ethics law when she sought favorable treatment from state officials for fiber-optic cable projects, including one involving her husband's company.

Pearce sent a letter, signed by three other lawmakers, to Alaska's Natural Resources Commissioner John Shively urging him to approve right-of-way permits for fiber-optics lines, which she sought at a bargain basement price.

At the time the letters were sent, Pearce's husband Michael KG Williams was chief operating officer of Kanas Telecom Inc., one of two companies seeking state permits for cable projects between Valdez and Prudhoe Bay, along the Trans-Alaska pipeline.

**Lower fees sought**

The issue of fiber optics and what to charge for those cables had become an increasingly heated issue in Alaska, as well as the rest of the country, as companies scrambled to build telecommunications networks across Alaska and throughout the Lower 48 states.

With the lower fees sought by Pearce and other legislators, her husband's company and a second Alaskan telecommunications giant would have saved at least $32 million in state charges over the life of the cable projects, according to the Anchorage Daily News.

A second telecommunications company, General Communications Inc. of Anchorage, was building fiber-optic connections between Anchorage, Valdez, Juneau and the Lower 48 states. The two companies would share fibers to form a network that would serve the state's largest three cities and the North Slope.

**Letter drafted by lobbyist**

According to GCI, the letter sent by the Pearce and her colleagues was drafted by a telecommunications lobbyist and given to the lawmakers for their endorsement.

Beyond the letter, Pearce personally sought assistance on fiber-optic cable matters from the administration of Alaska Gov. Tony Knowles. In 1997, the Kanas telecom company and the state were at an impasse over permit discussions.

She asked the Knowles administration in 1997 for help with fiber-optic cable permits that were held up. Pearce's colleagues on the ethics commission saw nothing improper.

"The letter referred to by the complainant was written and signed by four legislators, not just Senator Pearce," and the
letter didn’t seek special benefits for any one firm, the ethics panel concluded in its 1998 report.

"The letter and any alleged personal contact by Senator Pearce with state officials was found to encourage systematic processing of pending permits under existing standards," the ethics panel concluded.

Other utility bills pushed

The state’s ethics code prohibits state legislators from taking action that would give a particular and greater benefit to something in which they have an interest.

Pearce has also used legislation in a way that would affect her husband’s telecommunications company.

In 1999, she wrote and pushed into law a bill that disbanded the Alaska Public Utilities Commission, replacing it with a new panel appointed by the governor and confirmed by the Legislature.

The APUC is a quasi-judicial commission that regulates competition and investigates complaints about telephone, electric, solid waste disposal, water, sewer, natural gas and cable television service.

Alaska's fairly high financial disclosure standards forced Pearce to report her husband's job with Kanas. It is one of only 22 states that require lawmakers to disclose employment income and investments for all members of their households.

From Hidden Agendas Report

Alaska ranked third in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Alaska received 95 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family information — and found that Alaska's "Legislative Financial Disclosure Statement" requires all of the above be disclosed.

Alaska is one of only 22 states that require lawmakers to disclose employment income and investments for all members of their households.

Alaska is one of only 13 states that allow citizens to differentiate between minor and major sources of lawmakers' employment income, because these state require lawmakers to report the value or value range of their employment income. However, it is one of 37 states that do not require lawmakers to report a value or value range of their investments.

Arizona State Sen. Russell "Rusty" Bowers (R-Mesa) is an accomplished artist and sculptor whose work is in great demand — especially by business groups with an interest in what goes on at the state legislature.

Among them are a lobbyist for a large retirement community, an association that lobbies for mining interests, a large electrical utility, plus a lobbyist who works for a petroleum marketers group and the state chamber of commerce.

"Being in the legislature has been very good for his career as an artist," said Sandy Bahr, a lobbyist for the Sierra Club.

Bowers, former chairman of the House Environment Committee, is a nemesis of the conservationist group. The Sierra Club gave him a failing grade on conservation issues in 1998.
and 1999. Bahr describes his legislative record as "horrible."
"He helped to basically neuter the Department of Environmental Quality," she said.

Bowers, a plain-spoken Republican, says his clients have no influence over his voting record. He was an artist and a conservative long before he entered state politics.

"Purchase away"

"If you really believe that my vote will be influenced by your art purchase, then purchase away," he said. But clients should not expect anything in return. Nor will he leave the impression that they should, he said.

"I have had trial lawyers say we'd sure like your help on this, and in the same breath say we'd like to have one of your busts of my wife," he said. "And I say 'stop right there.'"

One of his steadiest clients is John Pearce, a lawyer and lobbyist for the Arizona Petroleum Marketers Association and the Arizona Chamber of Commerce. Chamber representatives did not return calls seeking comment.

Pearce has bought works of art worth at least $1,000 on at least three separate occasions since Bowers became a senator. He declined to say how much he's paid for them.

"He's pretty well regarded," Pearce said of Bowers. "You're not from Arizona, so you don't understand. If you're from Arizona and you knew the respect the guy has ... he's his own guy."

But the Sierra Club and others point to what they say is an alarming correlation between some of his legislative initiatives and the positions taken by some of his customers.

He has sponsored legislation backed by the chamber and the Arizona Mining Association, one of his best sculpture customers, that would relinquish state rights to the beds of several of Arizona's rivers.

The mining association commissioned two Bowers' busts of former lawmakers that sit in the state Capitol. Bowers said he received about $8,700 for the works.

"The mining association I worked for before I came here," Bowers said. Bowers' campaign contributions reflect a heavy reliance on lobbying organizations.

Lawyers and lobbyists contributed $12,382 to Bowers' campaign in the 1998 election cycle, more than a third of total contributions raised, according to the National Institute on Money in State Politics.

Information not collected

It's difficult to say how much Bowers has been paid for his work. Arizona law requires only that he list income from employers that exceeds $1,000. The Arizona secretary of state's office does not collect information on how much lawmakers earn from doing work for lobbyists.

Bowers says his positions on issues in the Senate have actually cost him work. For example, as an opponent of public financing for sports stadiums, he says he lost a large commission for a sculpture in front of the Phoenix Suns basketball stadium.

At other times, his position is not relevant at all. For example, Eddie Basha, a grocer, is a fan of Bowers the artist, but not Bowers the politician, the senator said.

"Eddie buys my stuff because he thinks it's good," Bowers said. "But he hates my politics."

Arizona has no laws preventing lawmakers from doing work for lobbyists. However, were it not for Arizona's relatively tough disclosure laws, the state's taxpayers wouldn't know anything about Bowers and other lawmakers' business clients.

Bowers' sponsorship of bills benefiting his clients does not necessarily translate to a conflict of interest under Senate rules. If members have a "personal financial interest in legislation," they are required to file a form declaring the conflict. While Bowers may sponsor bills favored by his clients, he does not necessarily have a direct financial interest in the legislation itself.
From Hidden Agendas Report

Arizona ranked fifth in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Arizona received 91 out of a possible 100 points.

The Center examined what it termed “basic,” or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Arizona’s “Financial Disclosure Statement” requires all of the above be disclosed.

Arizona is one of only 22 states that require lawmakers to disclose employment income and investments for all members of their households.

Arizona is one of only 13 states that allow citizens to differentiate between lawmakers’ minor and major investments, because these states require lawmakers to report their value or value range. However, Arizona is one of 37 states that do not allow citizens to differentiate between lawmakers’ minor and major sources of employment income, because these states do not require lawmakers to report a value or value range for such income.

Arizona is one of 20 states that require lawmakers to disclose some information about business clients.

Public Service, Personal Gain in Arkansas

by John Dunbar

The Red River Commission of Arkansas is a somewhat obscure but well-funded and influential organization, thanks largely to the man who has handled its legal work.

Wayne Dowd (D-Texarkana), the commission’s lawyer, is a long-time state senator, and dedicated advocate for developing the winding, silt-filled river.

“If I’m the only senator where the Red River runs through his district and I have a passionate interest in barge traffic running through the river,” he said. Dowd and others from the region hope making the river navigable will boost Texarkana’s economy.

The senator, who earned $10,816 representing the commission in 1998, introduced a bill Jan. 13, 1997, later signed into law, that provided $3.3 million for the commission to fund a navigation feasibility study.

The legislation granted powers to the commission to accept “state, federal and local funds” for its development. Also in 1997, he began his legal representation of the commission, according to his financial disclosure statement.

Dowd says there was no conflict.

Potentials for Conflict: A Snapshot

Of Arkansas lawmakers in office in 1998, who filed personal financial disclosures in 1999:

- **55%** sat on legislative committees that regulated their professional or business interests.
- **30%** had financial ties to businesses or organizations that lobby state government.
- **32%** received income from a government agency other than the state legislature.

Note: Because information filed in 1999 was for the calendar year 1998, the Center focused on the 74 Arkansas lawmakers who were in office in 1998. Lawmakers holding the interests listed above may not necessarily have a conflict of interest. This exercise was intended to measure the potential for conflict in each case.

No conflict

"If you're talking about did I feel a kind of ethical conflict or twinge, I did not," he told the Center for Public Integrity.

Couldn't he have asked another lawmaker to introduce the legislation?

"I think that would be devious," he said.

The commission had another Dowd involved. Margaret Dowd, the senator’s wife, was a commissioner and certified public accountant who handled the books for the organization when her husband was hired.

A Democrat, she was not re-appointed when a Republican moved into the governor’s mansion, and she no longer handles the books.

The Red River is 1,270 miles long, stretching from the highland plains of New Mexico, flowing along the border of Texas and Oklahoma before cutting through southwestern Arkansas.
sas and into Louisiana, where it eventually flows to tributaries of the Mississippi River.

Only a portion of the river, between Shreveport, La., and the Mississippi, is navigable, thanks to a $2 billion public works project by the U.S. Army Corps of Engineers. The new navigation study will consider completing the channel between Shreveport and Texarkana.

The project, which could cost as much as $1.5 billion, is controversial. Even the feasibility study has met with criticism. "It's just a waste of money," said Terry Horton, director of the Arkansas Wildlife Federation. "It's a navigation project to nowhere."

Horton was surprised Dowd supports making the river navigable given the fact that an earlier Corps study determined it was not feasible. In fact, Horton’s organization has honored Dowd for past environmental achievements.

"We do have a lot of respect for Sen. Dowd," he said. "He's just on the wrong side of this one."

Dowd spoke freely of his association with the commission and has not made any attempt to hide the fact that he works for the organization. In fact, last May, he wrote legislators for permission to continue representing the commission.

Permission sought

Permission was required because of a new ethics law sparked by last year's indictment of two sitting and two former Arkansas state legislators charged with illegally siphoning legal fees from state agencies. The ring-leader pled guilty in March 2000. The other three are going to trial.

The Legislative Council, a panel of lawmakers that assembles between sessions, approved the Dowd letter without comment.

The commission is funded through a trust fund that has been piling up millions of dollars for years in anticipation of development of the river.

The commission’s overseer is the Arkansas Soil and Water Conservation Commission.

The senator’s appropriation in 1997 allowed the conservation commission to move up to $3.3 million into an escrow account to fund the study together with the federal government.

Whether Dowd gets his legal fees from this same fund, or a separate appropriation from the conservation commission, is not certain. When Dowd was asked who would be the best person to talk to about the commission’s financing, he said, "Probably my wife. It’s the damn truth unfortunately."

Margaret Dowd’s secretary said the CPA was busy due to the tax season. She did not return a phone call. The project manager from the U.S. Army Corps of Engineers said only the corps has access to the escrow funds.

The senator said he is concerned about appearances — especially when, as a senator, he cast a vote to confirm his wife’s appointment as commissioner.

“Yeah, it bothered me,” he said.

Former Gov. Jim Guy Tucker asked her to join the commission before Dowd became its lawyer. “Tucker wanted some women and minorities” on the commission, he said. “My recollection is, all the commissioners snuck around behind my back, in a friendly fashion, and got Tucker to appoint my wife. To get some free accounting services. I, of course, said yes.”

Fees discounted

Dowd said when the vote came up to hire him as the commission’s lawyer, his wife did not participate.

Dowd agrees the relationship with the commission may seem odd, but Arkansas is a small state with a citizen legislature, and if anything, the couple’s participation has been a net contribution to the commission.

For example Dowd’s usual $200 hourly fee is discounted to $125 for commission work, he said. His wife did the books for free.

Dowd, who will be forced from office due to term limits this year, wanted to continue participating in the development of the river. Becoming the commission’s legal counsel appeared to be a good way to do it.

"I think it looked a little bad for my wife to be on there (the commission) and for me to be their lawyer," he said. "But I didn’t want to miss the opportunity, because once they hire on (legal counsel) they stay forever."

Dowd was required by Arkansas law to reveal his job with the state in several places, including the financial disclosure statement he files each year as a state senator.

From Hidden Agendas Report

Arkansas tied for 18th in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public. The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate re-
ports. Arkansas, along with Massachusetts, received 75 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Arkansas's "Statement of Financial Interest" requires all of the above be disclosed, except real-property holdings, client, and dependent name information.

Arkansas is one of 18 states that do not require lawmakers to disclose their real property holdings.

Arkansas is one of only 22 states that require lawmakers to disclose private employment income and investments for all members of their households.

Arkansas is one of only nine states that allow citizens to differentiate between minor and major sources of lawmakers' private interests, because these states require lawmakers to report the value or value range of their employment income and investments.

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Public Service, Personal Gain in California

by Robert Moore

California State Sen. Don Perata (D-Alameda) runs an Alameda political consulting firm with the unlikely name of Perata Engineering Inc. His failure to report $65,000 in consulting fees from various sources landed Perata in trouble with California's Fair Political Practices Commission during 1999. It also drew Perata into a scandal in Florida, involving a flamboyant San Francisco financier who was tried and acquitted of misusing at least $1.5 million in public money.

Perata, chairman of the Senate Select Committee on Bay Area Transportation, was fined $10,500 for failing to report income from clients including financier Calvin Grigsby, whose businesses performed bond-management services in California and elsewhere.

As the fine was levied against Perata, Grigsby faced a trial in federal court in Florida, involving a flamboyant San Francisco financier who was tried and acquitted of misusing at least $1.5 million in 1995, using the money to make political campaign contributions around the country and for entertainment.

About $15,000 of that money apparently went to Perata, soon after Perata left the Alameda County Board of Supervisors and became a candidate for the California Assembly.

Thousands not disclosed

Grigsby, who once owned the country’s largest minority municipal bond firm, was acquitted in Miami of charges he and two others stole from the port.

Perata "is an experienced elected official and should have known" he needed to disclose the payments, the Fair Political Practices Commission wrote after completing its investigation last spring.

California ethics laws require lawmakers and candidates for office to disclose sources of income and investments to the Fair Political Practices Commission.

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Potentials for Conflict: A Snapshot

Of California lawmakers in office in 1998, who filed personal financial disclosures in 1999:

- 33% sat on legislative committees that regulated their professional or business interest
- 26% had financial ties to businesses or organizations that lobby state government
- 7% received income from a government agency other than the state legislature

Note: Because information filed in 1999 was for the calendar year 1998, the data focused on the 78 California lawmakers who were in office in 1998. Lawmakers holding the offices listed above may not necessarily have a conflict of interest. This exercise was intended to measure the potential for conflict in each state.

"Assets and income of public officials which may be materially affected by their official actions should be disclosed, and in appropriate circumstances, the officials should be disqualified from acting in order that conflicts of interest may be avoided," the law states.

The commission's fine against Perata was the result of an investigation into disclosure reports dating back to when Perata was a candidate for office.

Newspaper accounts in the Oakland Tribune, and later in the Miami Herald, revealed that Perata failed to disclose a total of $65,000 in fees from at least six clients, Grigsby among them.

Bad advice

Perata told reporters at the time that the Grigsby payment was for "strategic planning and government affairs" consulting, but he denied knowing the money allegedly came from the Miami port account.
He blamed the errors in reporting his consulting income on bad advice he received from Alameda County’s legal counsel and on clerical problems in his campaign office.

Attorneys told Perata he didn’t need to report the fees because he shared the business with his former wife, a spokesman for the senator said.

"It was just advice — legal and clerical advice — and assistance he got from people on the campaign that turned out to be wrong," said Mark Capitolo, a spokesman for Perata.

There were no allegations that Perata did favors for Grigsby or any of his other clients while serving in the legislature. Perata and Grigsby, however, have a history together.

$1.4 billion in Alameda bond work

While on the Alameda County Board of Supervisors, Perata helped steer $1.4 billion in public bond work to Grigsby’s firm. Among the projects was the renovation of Oakland Coliseum, which helped lure the Raiders professional football team back to the city from Los Angeles.

Grigsby has had problems with authorities in California as well. In 1996, the Fair Political Practices Commission fined him $5,000 for laundering a campaign contribution to Alameda County Supervisor Mary King and for failing to make timely disclosures about $53,000 in political donations.

Aside from Grigsby’s contribution, the commission said Perata failed to properly report consulting income from Madison Park Properties, a real estate firm, and Summit Medical Center.

Those two entities appear on Perata’s 1999 disclosure report as clients of his consulting firm, as does the Oakland Police Officers Association.

From Hidden Agendas Report

California ranked 12th in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. California received 81 out of a possible 100 points.

The Center examined what it termed “basic,” or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that California’s “Form 700, Statement of Economic Interests” requires all of the above be disclosed, except family names.

California is one of 26 states that require lawmakers to disclose the investments for all members of their households, but is also one of 26 states that do not require lawmakers to disclose the names of their dependents’ employers.

California is one of only nine states that allow citizens to differentiate between minor and major sources of lawmakers’ private interests, because these states require lawmakers to report the value or value range of their employment income and investments.

California is one of 20 states that require lawmakers to disclose some information about business clients.

Public Service, Personal Gain in Colorado

by Ken Vogel

The deregulation of Colorado’s telecommunications industry could lower service rates for state residents, including the constituents of Sen. Robert M. Hernandez. It could also harm Hernandez’s employer, U S West, and therein lies a problem.

The goal of deregulation, in general, is to encourage competition among service providers, who would presumably need to lower rates to stay competitive in an open market.

In Colorado that would mean eliminating the stranglehold of U S West on local telephone service, according to Terry Bote, Colorado Public Utilities Commission information officer.

But all has not gone according to plan, Bote told the Center for Public Integrity.

While Bote estimated that approximately 40 companies have registered to provide local telephone service in Colorado since the 1996 passage of the Federal Telecommunications Act, he said that “the competition has been slow to develop - [U S West is] still the predominant provider of local service.”

Hernandez, a Democrat from Denver, may understand the problems associated with deregulating better than most; he has worked for U S West since at least 1993. Before that, he served as a representative for the Communications Workers of America, one of the biggest labor unions in the country, from 1973 to 1981.

He is a member of the Senate Business Affairs and Labor Committee, which has been charged with processing a recent series of bills addressing the deregulation of the industry in which he has made his living.

The most controversial of such bills, according to Bote, was
Senate Bill 25. Brought before Hernandez’s Business Affairs and Labor Committee in late January, the bill was “essentially geared toward deregulating U S West … [It would have] brought them out from under all [Public Utility Commission] regulations,” Bote said.

"Extremely harmful to the consumer"

Opponents of the bill - including public interest groups, the state office of the corporate counsel, and U S West competitors - alleged that Senate Bill 25 would help only U S West, asserting it would allow the company to lower prices to drive competitors out of business, then raise rates once the company had a captive marketplace.

"It would be extremely harmful to the consumer," committee member Sen. Stan Matsunaka, who voted against the bill, told the Center.

Micki Hackenberger, U S West director of public affairs, responding to criticism before the committee, testified that the bill “was not intended to harm any provider,” which apparently was good enough for Hernandez.

He voted for the bill, which passed the committee 7-2 but went down to defeat on the floor of the Senate 18-16, despite another ‘yes’ vote from Hernandez.

Matsunaka questioned whether Hernandez’s pro-U S West vote was a conflict of interest, adding "if it were me, I’d recuse myself. But who knows, maybe [Hernandez] does a lot of soul searching." Matsunaka said Hernandez’s job with the Denver-based "Baby Bell," which reported $13.2 billion in gross revenues in 1999, was “never discussed in committee, which kind of surprises me.”

Hernandez did not respond to multiple phone calls from the Center or a written request for information about his employment with U S West.

Senate rules define a conflict of interest as “when a senator’s personal Interest conflicts with the public interest and tends to affect his independence of judgment." The rules also specify that a senator’s employer meet the criterion of “close economic associate.”

"Personal decision"

Disclosing an interest and declaring a conflict of interest are two very different things, however.

Carl Jarrett, a 14-year legislative analyst, told the Center that senators are required to abstain from voting under Senate Rule 17c if they have a conflict of interest, but adds that “the legislator has to make a personal decision" about whether he or she believes there is a conflict.

Jarrett said such a recusal "doesn't happen very often at all," largely because there is little precedent for investigating and punishing conflicts. A legislative ethics committee would have to be called based upon a complaint, then determine whether to pursue the complaint. Jarrett said such a committee has been called twice in his tenure — he staffed it both times — and both times the allegations were dismissed.

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holdings, client and family name information — and found that Colorado's "Personal Financial Disclosure Statement" requires all of the above to be disclosed, except client and family name information.

Colorado is one of only 22 states that require lawmakers to disclose private employment income and investments for all members of their households.

Colorado is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' private interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

Public Service, Personal Gain in Connecticut

by Ken Vogel

When Connecticut's Republican Gov. John G Rowland in 1999 submitted a package of legislation that would have abolished the Nutmeg State's county sheriffs system, it seemed that the scandal-ridden system's days were numbered.

Rowland's ire was due in part to the open patronage and favoritism in hiring practices that, critics said, contributed to the lack of professionalism within the sheriff departments. Ironically, those same unregulated hiring practices may have saved the system for at least another year. Because, when Rowland's legislation went to committee, it encountered opposition from eight lawmakers with familial ties to the sheriffs system.

The system, which is the last remnant of county government in Connecticut, is provided for in the state's constitution — the first state constitution ratified. It would be necessary to amend the constitution to abolish or significantly alter the system; any constitutional amendment must be approved by the voters in a general election referendum.

Rowland submitted a 1999 resolution that would have put the question of whether to abolish the system to voters. But the legislation had the misfortune of being referred to the 54-member Joint Appropriations Committee. Six committee members, including the Senate and House co-chairs, had at least one family member employed as sheriffs at the time. All six voted against the resolution and it went down to defeat 17-31. A separate reform bill submitted by Rowland's office was contingent upon the resolution passing, so never came up for floor vote.

"Pork barrel"

In all, eleven state legislators have current or past familial ties to the sheriff's system. Critics allege that lawmakers want to keep the system intact because it allows them to hand out jobs to relatives and friends in return for political support and contributions.

"The sheriffs department has become a jobs program for politicians, creating a symbiotic relationship between the legislature and the high sheriffs," said John R. Griffin, a former Hartford County chief deputy sheriff who ran unsuccessfully for high sheriff in 1998 and has emerged as a prominent whistleblower.

The offices of the eight elected county high sheriffs — who are responsible for providing legal paper service, courthouse security, and prisoner transportation — are regulated only by self-imposed and individually crafted policies. As a result, the sheriffs have long endured scandal; at least two of the eight county sheriff departments have employed convicted felons. The Hartford County high sheriff paid a then-record $25,000 fine for violations during his successful 1994 campaign to unseat the incumbent sheriff, who was later convicted of extorting money from his subordinates.

"There is no cogent reason for keeping the sheriffs system other than patronage," Griffin told the Center for Public Integrity, asserting that legislators who "are afraid of losing the pork barrel" have emerged as the chief opponents to abolition.

The father and son of appropriations co-chair Sea Joseph J. Crisco Jr. (D-Woodbridge) are special deputy sheriffs in New Haven County, as is the son of the other co-chair of that committee, Rep. William R. Dyson (D-New Haven). Michael Dyson landed his job doing courthouse security in March 1999 — about one month before his father's committee was set to vote on the resolution that could have led to the elimination of the system. The appointment occurred despite Michael Dyson's convictions on drug and weapons charges in the early 1990s that landed him a three-and-a-half year prison term.

Other Appropriations Committee members with familial ties to sheriffs are Rep. James O'Rourke III (D-Cromwell), whose father is a special deputy in Hartford; Rep. Richard Tulisano (D-Rocky Hill), whose son is a special deputy in New Haven; Rep. Elizabeth Boukus (D-Plainville), whose daughter served a stint as a special deputy in Hartford; and Rep. Annette Carter (D-Hartford), whose son-in-law is a lieutenant in the Hartford County sheriff's office.

Carter told the Center that her son-in-law has an engineering degree, adding "it's not like I got him the job [with the sheriff's department]." Tulisano and O'Rourke said that their relations were treated no differently than any other candidates
for employment. The other Appropriations Committee members did not return phone messages left by the Center.

Richard D. Taft, the legislative staff attorney who drafted the 1999 abolition resolution, said the legislation was handed to appropriations by the Judiciary Committee, which gave the legislation the equivalent of an unfavorable reference. At least four members of the Judiciary Committee also have ties to the sheriff's system.

Rep. Michael P. Lawlor (D-East Haven), the committee co-chair, served as a special deputy for New Haven County in the early 1980s and his brothers once worked in the same department. Sen. John Fonfara (D-Hartford) is a former Hartford County special deputy sheriff and his father is a current one. The brother-in-law of Rep. John Wayne Fox (D-Stamford) is New Haven County High Sheriff Frank Kinney, while the father of Rep. Lawrence Cafiero (R-Norwalk) is a special deputy in Fairfield County.

Cafiero has recused himself every time a sheriff's bill has come before the legislature because he said he "just wanted to avoid any appearance of conflict." The other Judiciary Committee members did not return phone messages left by the Center.

But Rachel Rubin, managing director of the state ethics commission, told the Center that, based on the Connecticut Code of Ethics for Public Officials, lawmakers with sheriff relatives do not have to recuse themselves from voting on sheriff's bills because the legislation would affect all sheriff employees equally. She said that, while two lawmakers did ask for opinions about voting on legislation affecting sheriff relatives, most "don't seem to care."

**Summer of scandal**

Cafiero said that the media began to pay more attention to the troubled system and its ties to the legislature after the defeat of Rowland's abolition resolution.

There were no shortages of scandals to chronicle between the conclusion of the 1999 legislative session and the beginning of the 2000 one; soon after the legislature adjourned, New London County Sheriff Gerard Egan paid $4,000 ethics fine for nepotism in connection with the hiring of his wife and son as deputies, then came under attorney general investigation for overcharging the state for serving warrants, and was arrested for possessing an assault rifle in his courthouse office without proper certification.

In August, a female prisoner alleged she was raped by male prisoners in the back of a New Haven County sheriff's van and, in the fall, police arrested Windham County High Sheriff Thomas White on charges of embezzlement and racketeering.

Seeking to ride the wave of media scrutiny brought by the summer of scandal, Rowland pushed harder for abolition.

He endorsed another constitutional amendment resolution and commissioned an investigation of the system by the legislature's non-partisan Program Review and Investigations Committee. That committee was co-chaired by none other than Sen. Fonfara, who was credited with playing a key role in scuttling Rowland's attempt to abolish the sheriff system in 1999 and whose father is a Hartford County sheriff.

Still, Fonfara's committee produced a bill calling for the reform of the system, as did the governor's office and the aforementioned Judiciary Committee. The committee reform bill and the amendment were referred to, among other committees, the appropriations and judiciary committees that had proven sympathetic to the sheriffs in 1999.

**Potentials for Conflict: A Snapshot**

- Of Connecticut lawmakers in office in 1998 who filed personal financial disclosures in 1999:
  - 26% sat on legislative committees that regulated their professional or business interest.
  - 22% had financial ties to businesses or organizations that lobby state government.
  - 21% received income from a government agency other than the state legislature.

The Judiciary Committee bill would have transferred the duties of the sheriffs to the judicial department and would have prohibited the hiring of convicted felons like Michael Dyson and Troy Peters, the son of Sen. Melodie Peters (D-Waterford). Troy Peters, a New London County special deputy sheriff, was arrested in 1997 for third degree assault and in April 2000 for a litany of charges including criminal attempt to escape, impersonating and interfering with a police officer.

Rowland publicly urged lawmakers with ties to sheriffs to abstain from voting but Carter and O'Rourke said Rowland never spoke to them personally. Carter said she would not have abstained had he done so.

Carter, who told the Center her son-in-law Alrick Robinson took his position as a lieutenant in the Hartford County sheriff's office in October 1999 — only months before her Appropriations Committee was to vote on the second effort to abolish the sheriffs system in as many years — voted against both measures.
She was in the minority, though, as Crisco, Dyson, O’Rourke, Tulisano, Boukus, Fonfara, and Fox — all of whom had opposed the 1999 reform effort — voted in favor of the legislation.

Change of heart?

Did these lawmakers with ties to the sheriffs suddenly change their minds about the merits of the sheriffs system?

Not exactly. Taff, the legislative staff attorney who drafted the legislation, pointed out that Lawlor and Tulisano drafted an amendment to the reform bill which made all the changes dependent on the passage of the general ballot referendum abolishing the system.

All the representatives with sheriff family members except Cafero voted ‘yes’ on the House floor vote in which the amendment was approved. Cafero, who abstained, said the passage of the amendment and the bill was a victory for sheriffs’ supporters because “I think [the constitutional amendment referendum] is going to fail. There’s no impetus for [the public] to get out the vote and create a campaign to support it. But on the other side, you have a thousand sheriffs and their families who are financially dependent on the system and have an impetus to get out the vote.”

Disclosure laws no help

If they were to take a hard line on legislators voting on bills that could impact family members in the sheriff’s departments, ethics commission officials would have only anecdotal evidence to work with in pursuing such violations. That is because none of the lawmakers with sheriff family members was required to report those links in their annual financial disclosure statements.

While the section of the Annual Statement of Financial Interests dealing with businesses asks legislators to list all businesses with ties to themselves, their spouses, dependents, or other family members residing in their households, the section dealing with income is less clear.

From Hidden Agendas Report

Connecticut tied for 13th in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Connecticut, along with Rhode Island, received 80 out of a possible 100 points.

The Center examined what it termed “basic,” or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Connecticut’s "Annual Statement of Financial Interests" requires all of the above be disclosed except client information.

Connecticut is one of 22 states that require lawmakers to disclose employment income and investments for all members of their households.

Connecticut is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers’ private interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

Public Service, Personal Gain in Delaware

by Robert Moore

The Delaware legislature in 1999 eased government restrictions on electric utility sales, just as two dozen other states have done.

Exclusive territories belonging to the state’s power companies were eliminated, meaning that for the first time, residential, commercial and industrial customers could choose an electricity supplier, much like they would pick a long-distance telephone provider. Utilities, in turn, were permitted to compete for customers in lucrative markets previously closed to them.

In the end, Delaware lawmakers said, deregulation of the electric utility industry was a winning proposition for everyone involved.

Some lawmakers were themselves in a position to win, too.

Eight House members who held thousands of dollars each in stock in Delaware’s biggest utility company declared conflicts of interest and abstained from a January 1999 vote on the deregulation legislation, H.B. 10. Several weeks later, the House watered down the disclosure rules. Under the new rules, those heavily invested in the utility were clear to vote without declaring a conflict when the bill returned to the House for a second roll call in March.

A senator who identified himself as an “alternative energy consultant” in his 1999 financial disclosure report added an amendment to the deregulation bill worth hundreds of thousands of dollars to "green" energy interests, possibly even his own.

Delaware’s biggest power company, Conectiv Power Deliv-
ery Inc., has a top officer well-positioned on the executive board of a nonprofit run by Rep. Roger P. Roy (R-Limestone Hills), chairman of the Special Task Force on Telecommunications and Electric Utility Deregulation, and primary sponsor of H.B. 10. Roy’s link to Conectiv was never disclosed.

Roy made it no secret he believed the time was right for deregulating the electric utility industry. What he failed to mention during the months of debate over his bill, H.B. 10, were his financial and professional ties to Conectiv and other companies that benefited from the legislation.

Highway budget chair, director transportation group

Roy is executive director of the Transportation Management Association (TMA) of Delaware, a nonprofit organization funded exclusively by the state’s largest private corporations, and a handful of public agencies. TMA was created in 1990 to help reduce traffic congestion by advising businesses on how to set up carpools and other “transportation alternatives” for thousands of employees.

Roy also is co-chair of the Joint Bond Bill Committee, which is responsible for writing the state’s public works and highway construction budgets.

In 1999, the list of corporate backers of Roy’s electric deregulation bill read like the membership roster for TMA. Companies like DuPont, MBNA America credit card bank, Bell Atlantic and the Delaware State Chamber of Commerce write membership checks each year to TMA.

Utility exec on nonprofit board

But Conectiv has a special place in the TMA. Sitting on the decision-making executive committee of TMA is John Land, Conectiv’s vice president of procurement and support services.

In a recent interview, Roy told the Center for Public Integrity that neither Land nor any other executive board member influenced his sponsorship or vote on the deregulation bill. “These are not the people who would go to the legislature if they wanted something,” he said.

That is not entirely true. The secretary to the executive board, Richard Heffron, goes to Dover for favors routinely. Heffron, who doubles as TMA’s lawyer, is also a vice president and chief lobbyist of the Delaware State Chamber of Commerce.

Lawmaker’s salary paid by utility, other special interests

The executive board wields power over TMA, and Roy. The board decides, for example, how much of TMA’s annual revenue is used to pay Roy’s salary. In 1999, that salary was $70,992, or about 20 percent of the $353,840 the TMA collected in dues and fees, according to tax records.

What big business wanted from electric utility deregulation, it got. Under Roy’s bill, industrial and commercial users of electricity — those who anticipated saving millions of dollars annually by shopping for cheaper electricity — were the first permitted to switch to new suppliers.

Potentials for Conflict: A Snapshot

- 24% sat on legislative committees that regulated their professional or business interests
- 40% had financial ties to businesses or organizations that lobby state government
- 31% received income from a government agency other than the state legislature

The legislation called for a reduction in utility rates. But the 7.5 percent rate cut given Conectiv residential customers was smaller than the reductions given utility consumers in surrounding states.

His job with TMA is not the only place Roy’s legislative duties clashed with his private life. For years while Roy served in the House, his wife, Paula, was a lobbyist for the insurance industry. She is now director of the Delaware Health Care Commission.

The Delaware Constitution requires lawmakers to disclose to the House and Senate any personal or private interest in legislation before the General Assembly. They must refrain from acting on the affected bill.

But the definitions of personal or private interest are vague enough that lawmakers can hide conflicts of interest with impunity.

State law defines a personal or private interest as "an interest which tends to impair a legislator's independence of judgment in the performance of his or her legislative duties with respect to that measure or bill."

Energy consultant creates “green energy” fund

Sen. Harris B. McDowell III (D-Wilmington) is director of an
energy consulting business called the Delaware Alternative Power Corp. McDowell made no disclosure of that fact on the floor of the Senate after H.B. 10 was assigned to the Senate Energy Committee, which he chairs.

McDowell held the deregulation bill in the committee for weeks until it was amended to include $1.5 million for a state-controlled alternative or "green" energy fund to pay for incentive programs encouraging conservation and energy efficiency.

The only way the public could have learned anything about Roy's and McDowell's industry ties was to have read 1999 annual financial disclosure reports.

Conflicts abound until rules are changed

Electric utility deregulation exemplified how lawmakers sometimes respond when conflicts are publicized.

Eight House members declared conflicts of interest and did not vote on the deregulation bill when it came to the floor in January 1999. All said they or their immediate family members held more than $5,000 in stock in Conectiv or Conectiv subsidiary, Delmarva Power & Light.

Soon after that vote, the House changed the rules regarding disclosure. No longer would members have to publicly disclose a personal interest in a business and declare a conflict of interest when they had a $5,000 or greater interest in a company. Under the new rule, they must disclose only if they have greater than a 10 percent share in a company or 1 percent of a corporation whose stock is traded on an established securities exchange.

The change happened quietly, with little notice. "I wasn't aware of the change," said John Flaherty, a lobbyist for Common Cause of Delaware. "...It sounds like they are deregulating ethics," he said.

House Majority Whip Charles Welch, chairman of the Rules Committee and one of the eight who declared a conflict during the first vote on H.B. 10, said the $5,000 threshold was outdated.

After the change in the conflict rules, an amended version of H.B. 10 came back to the House for a final vote. This time only one of the eight lawmakers who declared conflicts of interest in January chose to abstain from voting and declare a conflict of interest again.

That, said Flaherty, is simply wrong.

"If there was conflict in the initial vote, there was a conflict in the final vote."

From Hidden Agendas Report

Delaware ranked 21st in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Delaware received 59 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Delaware's "Financial Disclosure Report" requires all of the above be disclosed, except real-property, client and family name information.

Delaware is one of 26 states that require lawmakers to disclose the investments for all members of their households, but is also one of 26 states that do not require lawmakers to disclose employment income for all household members.

Delaware is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' private interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

Public Service, Personal Gain in Florida

by John Dunbar

Florida Rep. George Albright (R-Ocala) had a clear agenda for the 2000 legislative session, his last before being forced from office by term limits. Albright proposed a list of changes that would virtually eliminate state oversight on most land-use decisions and return authority to the local level. Planning experts and environmental organizations vilified the bill.

Albright's zeal may have something to do with his own real estate interests and family connections back home in Ocala, though he denies it.

Last fall, the representative bought a vacant 50-acre parcel in unincorporated Marion County. He also owns several other
undeveloped parcels of land in Clay County and a quarter interest in a trailer park. In addition to being a lawyer, he's a licensed real estate broker.

His brother, Robert "Clay" Albright, a commercial real estate developer, is chairman of the Marion County Zoning Commission and member of the St. Johns River Water Management District, a regional water authority. His father is also in the land business.

No conflict

Despite his interest in real estate, Albright says his growth management bill does not raise a conflict. "Let me ask you something. Is working for Shands Health Care or one of the hospitals or community colleges and advocating for them a conflict with these legislators on the floor?" he asked. "And people like [Rep.] J.D. Alexander who've got citrus groves ... If he lobbies for the citrus commission, is that a conflict of interest?"

He said his position is related to ideology, not self-interest. "Heaven forbid I'd do it for philosophical reasons," he said. Albright's legislation would let cities and counties choose whether they want their comprehensive land-use plans reviewed by the state or by local panels. The state began requiring land-use plans to protect environmentally sensitive lands and avoid urban sprawl.

Planners and environmentalists oppose the approach because they say local governments are too cozy with local developers and would likely allow rampant, unchecked growth.

Albright said the rights of property owners are being trampled.

"See the problem you guys have got with all this is we get paid $27,000 a year up here. I can't live on that. And yet you guys want to protect everybody's civil rights in this process except mine. And you want to trample on mine, and make everything a perceived conflict of interest. And how do you expect me to make a living? Is that a fair question?"

As for his brother's position as zoning commission chairman?

"I did not know he was even on the zoning commission any more," Albright said. "That's all news to me. See you guys assume that everybody is in a big conspiracy here."

Albright said if any issues come before the commission, his brother recuses himself from voting. Clay Albright did not return a call seeking comment.

The Sierra Club has made anti-sprawl a top priority over the past three years. Beth Connors, conservationist organizer for the Florida chapter of the club, said local control does not work.

"The people on those boards are too susceptible to pressure, too susceptible to developers and large political contributors," she said.

Potentials for Conflict: A Snapshot

Of Florida lawmakers in office in 1999 who filed personal financial disclosures in 1999:

- 21% sat on legislative committees that regulated their professional or business interests
- 28% had financial ties to businesses or organizations that lobby state government
- 11% received income from a government agency other than the state legislature

Key to the future

Connors said controlling growth is key to Florida's future.

"It is the crux of all environmental problems that we see as priority. The loss of open green space, open agricultural lands, the loss of wetlands, the loss of quality of life," she said. "When you look at sprawl and how it leapfrogs ... we end up ruining the reason why people moved here."

Another organization opposed to Albright's measure is the Florida chapter of the American Planning Association. Executive Director Marcia Elder said development interests have hijacked the legislative session.

"It's been appalling — the whole thing, the way it's been handled," she said. "The efforts this year are just so blatant. People should be embarrassed. It's just unbelievable conduct."

Sixty-two Florida lawmakers are being forced from office due to term limits, Albright among them. Elder said that has emboldened them to pass developer-friendly legislation.

"That's fueled some of them on to do just such outlandish things because they're not running for re-election and there's no accountability," she said.

Announcing his legislation in March, Albright called the Department of Community Affairs, the agency that regulates growth on the state level, a place for "people who've never earned a living to come to work."
A "berserk" agency

He also said the agency is a "hold-out for big government liberals" in a state that goes "berserk" writing rules designed to thwart developers plans, according to the Orlando Sentinel.

Albright refused to answer statehouse reporters' questions during the session because of what he said was bias on the part of the Florida press corps, but he did speak to the Center for Public Integrity.

"I did about four interviews last fall, over an hour each, and I found that what I had to say and what was printed was diametrically opposed," he said. He describes the press as "vehemently non-objective" including one reporter who was "breathing heavy with fire in her breath" when she interviewed him.

"And after I finished doing that the fourth time, and had my brains bashed in ... I just decided I wasn't giving any more interviews so I could give the Florida press corps quotes that they were taking out of context and using against me."

The representatives bill never made it into law.

From Hidden Agendas Report

Florida ranked 25th in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Florida received 64 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Florida's "Form 6, Full and Public Disclosure of Financial Interests" form requires all of the above be disclosed, except family name information.

Florida is one of 28 states that do not require lawmakers to disclose employment income and investments for all members of their households.

Florida is one of only nine states that allow citizens to differentiate between lawmakers' minor and major sources of private interests, because these states require lawmakers to report the value or value range of their employment income and investments.

Florida is one of 20 states that require lawmakers to disclose some information about business clients.

Public Service, Personal Gain in Georgia

by John Dunbar

It strains public faith in government when the first order of business for the new session of a state legislature is to propose a constitutional amendment that would force a lawmaker convicted of a felony to resign from office.

That's what happened during the opening of the 2000 Georgia General Assembly.

The move by Lt. Gov. Mark Taylor was in response to Sen. Diana Harvey Johnson (D-Savannah), who despite her conviction on five counts of mail fraud, refused to step down while she pursued appeals.

She finally resigned after being pressured by a federal judge. Harvey Johnson got in trouble through her job as a "consultant." In the Georgia legislature, that's a common, though difficult to define, line of work. In fact, at least 15 representatives and senators refer to themselves as consultants, according to an analysis of their 1998 financial disclosure forms filed in 1999.

Firm funneled funds

Harvey Johnson pursued $300,000 in state grants for two tourism promotion groups she helped create. Harvey Johnson funneled about $80,000 to her firm, CCA Consulting, according to prosecutors.

In Georgia, as in most states, consultant-legislators are not required to reveal who their clients are. In most cases, they won't even say what kind of consulting they do. Sen. Bill Stephens (R-Canton), for example, lists his company, Stephens and Associates, simply as a "consulting firm."

Stephens, a former banker, said his primary clients are banks and health care firms. He sits on the insurance and banking committees in the Senate. Critics say consultant-legislators as well as lawyer-lawmakers take advantage of their elected positions to build their client base.

Stephens said he does not.

"I don't have a single client now that I didn't a year before I came into the legislature," he said.

With other consultants, it is more clear what their area of expertise is. Rep. Robin Williams (R-Augusta), for example, owns A-Affiliated Agency, which he lists as an "insurance
management consultants holding company” on his 1998 financial disclosure statement.

His financial disclosure form also reveals he is president of ICC Inc., an insurance agency, and Williams Services, which he lists as a consulting business.

Williams is a member of the House Insurance Committee, where he is active writing insurance legislation, including a bill that would allow property and casualty insurers to raise rates up to 5 percent in a year and 9 percent over two years.

He sells property and casualty insurance. Williams did not return several phone calls seeking comment.

Environmental consulting

Rep. Doug Teper (D-Atlanta) of Atlanta International Consulting Inc., specializes in environmental, energy and business development. He has sponsored one bill regarding transportation of hazardous waste, and another related to conservation. He doesn’t list his clients either.

Teper did not return calls from the Center for Public Integrity seeking comment.


The fact that consultants don’t have to reveal their clients is disturbing to watchdogs. At least when the lawmaker is a lawyer, a curious taxpayer can go to the courthouse to find out who he’s representing. In addition, lawyers are licensed and subject to disciplinary action.

Being a consultant and voting on related legislation is legal. But committing mail fraud isn’t. Unless her appeal is successful, former Sen. Diana Harvey Johnson will be spending 41 months in a federal prison.

Georgia requires lawmakers to disclose their investments, but only those that constitute more than 10 percent interest in a business or have a fair market value of more than $20,000.

Consequently, if a voter looks at a lawmaker’s financial disclosure form, there’s a strong possibility and even a likelihood that he or she will not discover what the representative does for a living.

"Essentially the disclosure required of public officials in the current law is very limited," said Stephen Alfred, executive director of the government watchdog group, Georgia Common Cause. "If a public official is simply an employee and not the officer of a corporation, there is no disclosure requirement.”

From Hidden Agendas Report

Georgia tied for 33rd in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Georgia, along with Maine, received 49 out of a possible 100 points.

The Center examined what it termed “basic,” or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Georgia’s "Financial Disclosure Statement" requires all of the above be disclosed, except client and family name information.

Georgia requires lawmakers to disclose their investments, but only those that constitute more than 10% interest in a business or have a fair market value of more than $20,000.

Georgia is one of 28 states that do not require lawmakers to disclose private employment income and investments for all members of their households.

Georgia is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers’ private interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.
Public Service, Personal Gain in Hawaii

by John Dunbar

When Sam Slom (R-Honolulu) was elected to the Hawaii State Legislature in 1996, he pondered whether he should resign his position as executive director for a small business advocacy organization.

"Many people have inquired that since I have been elected to the state Senate, who would replace me at SBH (Small Business Hawaii). And is there a conflict?" he wrote in his monthly column for the organization.

Slom saw no conflict. In fact, he felt people who do not have private interests outside the legislature are the ones with the conflict.

"Conflict? The only conflict I see is that people who don’t use their own money skills or take the risk have been allowed to dictate to business owners and taxpayers," he wrote. "Until now."

Heading into the 1997 legislative session, Slom declared his intent: "So I’ll continue to own and operate my own small businesses and heed the SBH members and directors who want me to continue here."

An energetic advocate he has been. In the legislative session following Slom’s election, he sponsored several bills supported by Small Business Hawaii — among them, an attempt suspend the general excise tax and corporate income tax for three years for new or expanding businesses to encourage investment.

For the 1997 session (as well as 1998 and 1999) he received a perfect rating from PAYCHECKS, a political organization and affiliate of Small Business Hawaii that helped him into office, on small business issues. He was one of only three senators of 25 to receive a perfect rating for each of the past three years.

Slom (pronounced SLOAM) says he feels no pressure from SBH when it comes to his performance in the legislature.

"It wouldn’t be tough at all" to vote against his employer’s wishes, he said. "You don’t know me, you don’t know my record in this community for 40 years."

Small businessman

In addition, his position with Small Business Hawaii yields only a fraction of his income. "I have three businesses of my own. My primary activity is as a small businessman myself."

Slom campaigned for the Senate on a jobs platform. Unlike most of the continental United States, Hawaii has been mired in an economic slump for the past 10 years.

That is because of the state’s tight relationship with recession-wrecked Japan. The islands’ No. 1 industry is tourism, with Japan among the most common points of origin. In 1998, Japanese tourism dropped 10 percent.

Consequently, economic development has been the legislature’s top priority in recent years.

"A lot of people are suffering," the senator said.

The state led the nation in rates of bankruptcies and foreclosures. He added the bills backed by Small Business Hawaii are also backed by a wide consortium of businesses. His intent as a legislator is to help everyone, not himself.

"The only reason I’m here now is the frustration with the process," he said.

Slom owns SMS Consultants and counsels other small businesses. He is an expert on economic development in the legislature as well. Slom’s committee assignments are Economic Development; Labor and Environment; Commerce and Consumer Protection; Education and Technology; Transportation and Intergovernmental Affairs.

Loyalty with constituents

Slom earns between $25,000 and $50,000 a year in his position with Small Business Hawaii. His job as senator pays $32,000 plus $5,000 in expenses for a legislative session that lasts fewer than five months.
Slom said his loyalty lies with his constituents. He’s the last person anyone would accuse of taking advantage of his position. The senator has not spent any of his office allotment, opting instead to spend his own money. He also has declined free parking at the airport offered to legislators, and declined to accept the key to the private elevator in the statehouse.

From Hidden Agendas Report

Hawaii ranked fourth in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Hawaii received 91.5 out of a possible 100 points.

The Center examined what it termed “basic,” or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Hawaii’s “Disclosure of Financial Interests” requires all of the above to be disclosed.

Hawaii is one of three states with financial disclosure systems in place that do not have penalties for inaccurate filings written into their statute.

Hawaii is one of 22 states that require lawmakers to disclose private employment income and investments for all members of their households.

Hawaii is one of only nine states that allow citizens to differentiate between lawmakers’ minor and major economic interests, because these states require lawmakers to report the value or value range of their employment income and investments.

Hawaii is one of 20 states that require lawmakers to disclose some information about business clients.

Public Service, Personal Gain in Idaho

by Ken Vogel

Idaho State Rep. David Bieter (D-Boise) represents a county that badly needs more roads.

A population boom in Ada County — home to the capital city of Boise, Bieter’s district — has left parts of the county in near gridlock.

Bieter’s opposition to two bills that would have expanded the rights of citizens whose properties the government needs for new roads made sense, the freshman representative explained to the Center for Public Integrity, because the bill could slow the construction of essential new road projects.

Bieter said it never entered his mind that many of the entities that would have been most hurt by the bills are represented by the Boise-based law firm in which he has been an associate for the past two years.

Bieter’s firm, Moore Smith Buxton and Turcke, does legal work for many of the municipalities in Ada County, as well as the county itself, and four other counties. The six-lawyer firm has also represented the Ada County Highway District, which is responsible for overseeing the construction of most road projects in the county and the Association of Idaho Cities — both of which testified in committee against the bills.

Ada County Highway District Attorney Neal Newhouse called the bills “lousy” and predicted that the greatest impact would be felt by Ada County, which he said “is one of the fastest growing counties in the nation right now. Our roads are extremely clogged.”

Eminent domain

Newhouse estimated that the Ada County Highway District — or ACHD — is currently working on six or seven new road projects simultaneously, costing at least $27 million. He also predicted many more to come. In the course of these projects, Newhouse explained, sometimes it becomes necessary for the ACHD to claim “eminent domain” over a property — a legal provision that allows government entities and public utility companies to seize properties for essential government uses like roads and sewer or phone lines.

“You do feel bad about [condemning private property],” Newhouse told the Center, “but we can’t do anything about it because we’re in such a high-growth phase.”

While government entities like ACHD are required to pay owners of condemned properties just compensation in return for their seized property, Heather A. Cunningham told the Center that property owners — especially business owners — frequently “get compensation which is anything but just” in such transactions.

Cunningham, a Boise lawyer who specializes in eminent domain and condemnation cases, helped craft and support two bills that would allow for the consideration of lost business income in eminent domain cases.

The eminent domain issue has become a hot one in the legis-
lature because of the state's rapid population growth. Newhouse said the issue is most acute in Ada County, which had an estimated 40 condemnation cases pending — more than anywhere else in the state.

While Bieter's constituents could be affected by what Cunningham said is a lack of property owner protection under the current eminent domain laws, in each of the last two sessions Bieter has voted against a bill that would expand the rights of condemned property owners to account for lost business income.

Bieter acknowledged that he personally represents three cities in Ada County for Moore Smith Buxton and Turcke, but said he has "never seen any divergence" between the interests of his legal clients and his constituents. As a result, he told the Center he has never felt the need to recuse himself from voting on issues that affect cities.

Still, Bieter called the eminent domain bill and the underlying issue of balancing the rights of individual property owners against the need for infrastructure improvements "difficult." He told the Center he was unaware that the Association of Idaho Cities — or AIC — testified against the bill and said that AIC's stance played no part in his vote.

The governor signed the eminent domain bill April 14 and it will become effective July 1.

90 percent consistent

The association, which spent nearly $23,000 lobbying the legislature in 1999, took positions on 30 bills that had come up for vote during the House in the 2000 session as of March 24. Told that he had voted consistent with the AIC position on 27 of those 30 bills, Bieter said he was aware of AIC's stance in only a few cases.

Bieter said he never felt any pressure from the AIC or any of his firm's other clients to vote a certain way on any given legislation. He pointed out that he was employed by the Moore firm before he was appointed to legislature in February 1999 to fill the seat made vacant by the death of his father in an automobile accident.

He said that many of the firm's legal clients are aware that he has taken a seat in the legislature. But he wasn't sure if his House membership served as an attraction to current or future clients.

"That's a good question and one that I don't know the answer to," Bieter said.

He added that he understands that, in his dual role as municipal lawyer and state representative, he may encounter situations in which the best interests of his legal clients could conflict with those of constituents, but said "the interests of the district are always the main consideration."

No disclosure

Bieter's constituents, though, need never know of his ties to the Association of Idaho Cities, the Ada County Highway District, county and city governments, or any other of his ties for that matter. That is because Idaho is one of three states that do not require lawmakers to disclose any of their financial dealings.

Additionally, Bieter has yet to face the scrutiny of an election.

Because Idaho's legislature is "part-time" — it meets only three months a year and pays only $14,760-per-year plus expenses — it seems likely that members would have outside jobs.

While Idaho's Ethics in Government Act does address conflicts of interest, it allows legislators to vote on legislation in which they might have a personal interest as long as they first disclose that they have a conflict.

From Hidden Agendas Report

Idaho tied for last place in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate re-
ports. Idaho received one out of a possible 100 points.

Idaho does not require lawmakers to report private financial interests.

Public Service, Personal Gain in Illinois

by John Dunbar

In 1995, a Republican senator from a suburb of Chicago embarked on a mission to slow what insurance and business lobbyists said were out-of-control civil judgments in the courtrooms of Illinois.

Sen. Kirk Dillard (R-Downers Grove) was a prime sponsor and spokesman for "tort reform" legislation, which would limit the amount of money plaintiffs can collect when suing businesses.

Among the chief beneficiaries of the legislation were insurance companies that provide medical malpractice coverage for doctors.

Dillard at the time was an attorney with Lord, Bissell & Brook, Chicago's eighth-largest law firm. One of its clients is the Illinois State Medical Society's malpractice insurance arm.

Among the firm's areas of expertise is "medical defense litigation," according to its Web page.

Medical malpractice

Lord, Bissell also does lobbying work, almost solely for large insurance companies. One of its current clients is ProNational Insurance Corp., a medical malpractice insurer.

Of Lord, Bissell's 325 attorneys, 24 are registered lobbyists. One of those lobbyists is state Sen. Kirk Dillard.

Dillard's status as a lobbyist was greeted with disbelief within the Illinois secretary of state's office, when pointed out by the Center for Public Integrity.

"No way," said Mary Gott, who handles registration of the state's 3,100 lobbyists. But upon locating Dillard's registration, complete with photo, signature and date, she was convinced, calling it "a first."

It was also met with disbelief by Jim Collins, a lobbyist for the Illinois Trial Lawyers Association, an organization that argued against the tort reform legislation.

"I had no idea," he said. "I'm one of the lobbyists on the other side and I had no idea."

Not surprisingly, Collins was troubled by the information.

"I think obviously there's a conflict there," he continued. "How can you be a registered lobbyist and be a legislator at the same time? That opens up a whole new area. I guess I have competition. They'll (lawmakers) all want to register."

Cap on damages

Collins said the cornerstone of the bill was a cap of $500,000 on non-economic damages in lawsuits. He said the bill was good for doctors and was filled with language related to medical malpractice.

"It just limited the rights of people to have redress in court," he said.

In addition to ProNational, the firm lobbies for Lloyd's of London, Unitrin and seven other large insurance companies.

Dillard said there is a simple explanation for why he is registered. In the course of firm business, he communicates with members of the executive branch of Illinois government.

Some executive branch officials are on a list that requires registration for those who talk to them, he said.

"I'm not registered for anything to do with the general assembly and I don't advocate," he said.

Dillard said he opted to "err on the side of caution" and register, knowing the information would be open to the public.
Perception of conflict?

"You asked about perception," he said. "I think I should be commended for my openness. I follow the law."

There is a blanket exemption for state lawmakers when it comes to registering under the lobby law. But Dillard said he considered his life as a lawyer to be separate from that of a lawmaker.

Dillard did not get a legal opinion from the state on whether to register. In fact, when the lobby registration office heard from the Center the senator was registered, they counseled him on the law, and he opted not to register for 2000. He said he is unaware whether any of his colleagues are registered.

More to the point was Dillard's support for tort reform legislation, and the obvious benefit it would bring to the firm's clients.

Dillard announced a potential conflict when he introduced the legislation, saying some in the firm would benefit, while others might suffer if the bill became law.

"In Illinois, if you declare your conflict of interest, you can vote your conscience," he said.

He said his firm never pushed him one way or another on tort reform.

"In a law firm our size, we have many partners who would have many different points of view on tort reform," he said. "Many privately vehemently opposed parts of the act. It's a mixed bag."

Dillard's firm represents "some of the largest corporations in the world" including major insurance companies, according to the firm's Web site.

Insurance a specialty

Legal reference publisher Martindale-Hubbell has information on 20 of the 25 attorneys who lobby for Lord, Bissell. Sixteen list insurance as a practice area, including the former insurance commissioner for the state of Iowa.

Dillard, left Lord, Bissell in 1991 to serve full-time as chief of staff for then-Gov. Jim Edgar. He was appointed and later won election to the Senate in December 1993.

According to his official biography, he specializes in product liability defense and product liability insurance coverage.

Dillard became a registered lobbyist working for Lord, Bissell in 1994, shortly after he rejoined the firm, according to records. His firm is also a major campaign contributor.

Dillard returned to his old firm because it would not create a conflict, he told Chicago Lawyer magazine in a September 1994 story.

"It's a practice that will not have conflicts for my state Senate seat because we don't do a lot of government work," he said. "It would be impossible for me to work for Winston & Strawn or Sidley & Austin — firms that have full-time lobbyists at the General Assembly. Not impossible, but very difficult."

Pro-business background

Dillard has a history of backing pro-business legislation.

Last year, Dillard sponsored legislation that restricts the liability of banks and other financial institutions against lawsuits prompted by the Y2K computer bug.

Unfortunately for Dillard and the major insurance companies represented by his law firm, his work on tort reform was ultimately for naught. The Illinois Supreme Court declared the law unconstitutional in 1997.

Illinois law requires lawmakers to list lobbyists with whom they have an economic relationship, identify the lobbyist's clients and any legislation that is being supported or opposed.

Dillard provided scant information in this section of his disclosure form.

He listed the firm name, stated the lobbying was "generally not legislative," then referred the reader to the state registered lobbyist list for client information.

From Hidden Agendas Report

Illinois ranked 42nd in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Illinois received 43.5 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Illinois' "Statement of Economic Interests" requires all of the above be disclosed, except real-property, client, and family name information.

Illinois is one of 18 states that do not require lawmakers to disclose their real property holdings.

Illinois is one of 28 states that do not require lawmakers to
disclose employment income and investments for all members of their households.

Illinois is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their employment income or investments.

Public Service, Personal Gain in Indiana

by John Dunbar

Indiana Rep. Chester Dobis (D-Merrillville) is married to a woman who sells advertising specialty items to an association that lobbies for the commercial trucking industry.

Indiana Rep. Robert Behning (R-Indianapolis) sells thousands of dollars worth of flowers each year to some of the state's most influential lobbying firms.

Neither of these men want that information to be made available to the public. But under Indiana law, they are required to report any business with lobbyists that exceeds $100.

Or at least that's the way it used to be.

Disclosure rule killed

In the 1999 session, Dobis proposed an amendment to an unrelated bill, supported by Behning, that removed the requirement for lawmakers to list such retail transactions from their annual financial disclosure forms.

Dobis defended the removal of the disclosure requirement.

"The reason for doing that was so that it would not penalize them for being a legislator and hinder their business," he said. "In the case of a florist, you would pick another florist even if you lived in that neighborhood."

The amendment caught lobbying regulators by surprise.

"I was not aware that it was going to be proposed," said Sarah Nagy, executive director of the Indiana Lobby Commission. "It was something that was new to me."

At least one lawmaker is opposed to keeping the public in the dark about legislators doing business with lobbyists. "Yes, I'd rather know," said Rep. Richard Bodiker (D-Richmond). "If you do business, you should disclose."

In Dobis' case, the Indiana Motor Truck Association has been a good customer of his wife's business.

Lobbyist a good client

In 1996, the trucking association purchased $2,401 from Identitees, owned by Mrs. Dobis. In 1997, the association purchased in excess of $100 in goods. In 1998, the total was $2,000, according to disclosure records.

Dobis, chairman of the House Ethics Committee, says he has nothing to do with his wife's business and does not feel beholden to the trucking industry.

However, during the 1999 legislative session, he sponsored HB 2022, an overhaul of the tax system for commercial trucks in Indiana. It is a complex piece of legislation that would change the tax on trucks from an ad valorem system, to an excise tax, more similar to how automobiles are taxed.

The bill affects 162,000 vehicles, using 1997 numbers, according to a fiscal impact statement prepared for legislators.

Tom Sullivan, deputy administrator with the Indiana Department of Revenue, said the trucking association prepared the facts, figures and formulas used in the bill.

"They were the ones who were pushing for it," Sullivan said.

Dobis was sole sponsor, but had to be reminded of the bill.

Potentials for Conflict: A Snapshot

Of Indiana lawmakers in office in 1998 who filed personal financial disclosures in 1999:

- 37% sat on legislative committees that regulated their professional or business interest
- 23% had financial ties to businesses or organizations that lobby state government
- 7% received income from a government agency other than the state legislature

"Oh yes, I remember. They asked me to sponsor it, sure. All it did was change trucks to the way other vehicles are taxed in Indiana," he said.

While the truckers backed the bill, Dobis said it will be revenue neutral.
"It was for some uniformity," Dobis said of the change. The bill is now law. Another report targeted The lobbyist for the trucking association did not return calls.

Dobis and Behning pushed for the elimination of the disclosure requirement for legislators shortly after the state lobbying commission began enforcing a rule requiring lobbyists to report the amount of retail purchases from lawmakers.

One of Behning's florist shops is near the Capitol. He says he was in business long before he was a legislator, and his legislative votes have never been swayed by any lobbyist he has sold flowers to.

Keeping track of hundreds of transactions with customers who may or may not identify themselves as lobbyists was onerous.

"It ended up that it has become an unreasonable burden to place upon part-time legislators, to do some of the disclosure that is required," he said. What's more, he said, he lost business from some customers who didn't want to bother with the paperwork.

Behning's business, Berkshire Florist, for example, sold $12,406 worth of flowers to eight different lobbying organizations since January 1998, according to state records. (That excludes eight entries where the total was not specified.)

Behning's best customer, Barnes & Thornburg, is one of Indiana's largest law firms and lobbying organizations. The firm lobbies for dozens of clients on a number of issues.

Behning said he is often on opposite sides of issues from the law firm. Lobbyists from the firm did not return calls.

Questionable motives

So what is wrong with a lobbyist buying goods and services from a lawmaker?

"I think there can be questionable motives sometimes," said Julia Vaughn, policy director for the government watchdog group Common Cause. "We've had some cases where lobbyists will purchase things from a business located in the outer regions in the state. Why do they do that?"

Such an arrangement goes far beyond simple campaign contributions, she said. "These transactions are not completely innocent. You're contributing to the livelihood of the lawmaker. And that is significant."

While the 1999 law wiped the requirement off lawmakers' disclosure forms, the lobbying commission was of the opinion it did not exempt one report filed by the lobbyists themselves. So they are still reporting the value of their purchases every six months.

Dobis, in the 2000 session, attempted to exempt those forms from disclosure as well. That amendment was over-broad and failed, and was replaced with a more specific measure backed by Rep. Matt Whetstone (R-Brownsburg), who owns an interior design firm with his wife that does a lot of business with lobbyists.

While he crafted the amendment, and sponsored it, Whetstone did not vote on it because he considered it to be a conflict. That measure also failed to pass before the end of the session, but Dobis promises to raise the issue again next year.

Vaughn of Common Cause says the organization has no plans to push for the lobbyists' purchase information to be put back on lawmakers' financial disclosure statements.

"Not at this point, because that's not a fight we can win," she said. "We're afraid of losing this completely. There is some enforcement of the lobbying disclosure law. There is absolutely no enforcement on the other side."

From Hidden Agendas Report

Indiana ranked 29th in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Indiana received 54.5 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Indiana's House and Senate "Statement of Economic Interests" requires all of the above be disclosed, except real-property and family name information.

Indiana is one of two states with financial disclosure systems in place which do not have penalties for either late or inaccurate filings written into their statute.

Indiana is one of 18 states that do not require lawmakers to disclose their real property holdings.

Indiana requires lawmakers to report stock investments, but only requires that those with a fair market value more than $10,000 be disclosed.

Indiana is one of 26 states that require lawmakers to disclose investments for all members their households, but it is also one of 26 states that do not require lawmakers to disclose their dependents' employment information.
Indiana is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers economic interests, because these states do not require lawmakers to report the value or value range of their employment income or investments.

Indiana is one of 20 states that require lawmakers to disclose some information about business clients.

Public Service, Personal Gain in Iowa

by Alex Knott

From delivering groceries in big rigs to appropriating funds for the sale of his employer's building, Rep. Richard Arnold (R-Chariton) has worked hard for Hy-Vee Inc. The 55-year-old, third-term legislator has been working for the Des Moines-based supermarket chain as a truck driver since late 1998, but also recently wrote legislation aimed at selling one of the company's lagging assets.

In 1995 Hy-Vee moved its corporate headquarters from Chariton, Iowa, to West Des Moines, leaving behind a vacant building. Arnold, who lists his job with Hy-Vee as a "casual driver," tried to help his employer sell the 35,000-square-foot structure. He wrote a bill to appropriate $3 million for the state's largest pension fund and argued that its directors could consolidate its headquarters to the Hy-Vee building.

"Richard pushed the envelope," said Jim Moore, Arnold's boss and director of transportation for Hy-Vee. Moore said he was aware of Arnold's work to market Hy-Vee's Chariton building in the state legislature. "Richard did a good job. He presented us pretty well. But I think they already made their minds up."

Serving two employers

Arnold said he saw no conflict of interest in presenting legislation to appropriate money that could have gone to his employers if his bill passed.

"I wasn't trying to do anything to lobby," he said. "There are farmers who introduce farm legislation in this state ... there are teachers who vote on education funding."

Arnold's bill never passed and the pension fund, Iowa Public Employees Retirement System (IPERS), has made plans to relocate to a building south of the Des Moines Airport instead. But even after the IPERS announcement, Arnold and Hy-Vee's lawyer continued to advocate the sale of their employer's building through different channels.

Arnold wrote a letter to IPERS when it was conducting its headquarters search advocating the sale of the Hy-Vee building, said Leon J. Schwartz, chief operations officer for IPERS. But Schwartz said he was not aware that Arnold was an employee of Hy-Vee.

Arnold said he might have sent IPERS a letter promoting the sale of the Hy-Vee building, but said it was an action aimed at serving his constituency.

The letter dated July 1999 letter states Arnold's hopes that IPERS would relocate to the "beautiful modern business facility."

"I've toured the offices and they are most impressive," states Arnold in the letter. "I'm sure the building would fill the need for the Iowa Public Employee's Retirement Headquarters."

The letter, signed only by Arnold on House of Representatives stationery, makes no mention of his employment at Hy-Vee but ends saying, "Please give us an opportunity to serve your organization."

Schwartz said other lawmakers were interested in locating the IPERS headquarters in their district, but Arnold is the only member he is now aware of who had an outside financial interest.

"There were some efforts to use this as a local economic development venture," Schwartz said. "He is a state representative representing that area."

Hauling in the payload

Representatives from Hy-Vee said Arnold was employed as a truck operator and the company did not pay him to lobby. Arnold's wife, Cheryl, also is an employee of Hy-Vee and has worked for the company since 1997.
"Essentially the building has been on the market since 1995," said Ruth Mitchell, vice president of communications for Hy-Vee. "We would like to see the building purchased from a financial standpoint for Hy-Vee and also put it to work for the community."

While Arnold’s bill never mentions Hy-Vee by name, Hy-Vee attorney Ray Meyer said the legislation would have made Hy-Vee’s building one of the top prospective locations for IPERS headquarters.

"If they had used [Arnold’s] criteria that would have meant that the building in Chariton would have won, but those bills didn’t pass."

Meyer said he argued for the Hy-Vee building in lieu of the Des Moines location and wrote letters to Iowa Gov. Tom Vilsack trying to appeal the decision of IPERS executives. Meyer also filed a petition in Iowa district court but IPERS was allowed to proceed with the purchase.

Arnold continued to push for the sale of the IPERS building and was quoted by a local newspaper saying he thought the pension fund "should have given greater consideration to moving its operations to the former Hy-Vee corporate offices."

Decoding the ethics laws

According to the Iowa House of Representatives’ code of ethics, a member with an interest in legislation that is distinguishable from that of the general public should not vote on the legislation. According to House rules, “no member shall vote on any question in which that person is financially interested.”

Arnold did not vote on the legislation, but since he sponsored it, House Ethics Committee Chairman Michael Cormack (R-Clare) said similar rules would apply.

Arnold would not say whether he informed his fellow lawmakers of his interest in Hy-Vee, but said he listed his employment in state ethics records.

"I filed my disclosure, anybody in the legislature could have looked at it," he said. "I think I would have done it the same way because I don’t think I have done anything wrong."

Cormack said he does not have plans for any ethics review of Arnold’s actions because of his employment at Hy-Vee.

"I would say that he did not do that because he was a Hy-Vee employee but because he represents that town," Cormack said. "I would say that anyone in that position would do the same thing."

Arnold’s filings do not disclose how much he had been paid over the past years by Hy-Vee.

From Hidden Agendas Report

Iowa ranked 45th in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public.

The Center examined what it termed “basic,” or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information. Iowa’s House of Representatives “Personal Financial Disclosure Form” requires all of the above be disclosed, except client and family name information. Iowa’s Senate “Statement of Economic Interests” requires all of the above be disclosed, except officer/director, client and family name information.

Iowa’s senate and house disclosure forms differ markedly. While state representatives in Iowa must disclose the name of their employers, state senators are not required to list names of employers or businesses from which they derive income. While state representatives in Iowa must list their job titles, state senators are not required to do so, leaving the public unaware about officer and director positions held by their senators.

Iowa is one of two states with financial disclosure systems in place which do not have penalties for either late or inaccurate filings written into their statute.

Iowa is one of the 28 states that do not require lawmakers to disclose employment income and investments for all members of their households.

Iowa is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmaker’s economic interests, because these states do not require lawmakers to report the value or value range of their employment income or investments.

Public Service, Personal Gain in Kansas

by Ken Vogel

During his seven years in the Kansas state legislature, Rep. David J. Adkins’ support of children’s causes has become well-known, but while he may be a friend of youth statewide, he has also been a friend to YouthFriends, a Kansas City, Mo.-based non-profit organization run by his wife.
Adkins, a Republican from Leawood, reported on his mandatory Kansas “Statement of Substantial Interests for State Elected Officials” that his wife, Lisa Ashner Adkins, received income in 1998 from YouthFriends, a mentoring initiative that during the same year was awarded a $250,000 grant by the Kansas Youth Authority, which Rep. Adkins chaired.

What Adkins failed to report — in possible violation of state disclosure law — is that his wife runs the show at YouthFriends. She has served as the organization’s executive director since at least 1997, two years after her husband became chair of the state board charged with allocating grants to youth service providers. Adkins also did not report that he is executive director of a non-profit affiliated with the organization spawning YouthFriends.

The Jayhawk State requires its lawmakers to list any leadership positions held by themselves or their spouses. But Adkins questioned whether he was required to report either his wife’s executive director position or his own because the non-profits run by them existed at the time of his filing as “initiatives” of another group, the Greater Kansas City Community Foundation.

Adkins, who currently chairs the budget-setting Appropriations Committee, not only played a role in allocating money to YouthFriends, but also set up the agency charged with allocating state money to child service providers like YouthFriends, became chair of that agency, and introduced a grant application for his wife’s group before that agency.

“There are some ethical questions there,” said Rep. Carlos Mayans (R-Wichita) of the relationship between Adkins’ public offices and his wife’s non-profit. Mayans, who chairs the House Health and Human Services Committee, alleged that Rep. Adkins crafted a position for himself from which he was able to allocate funds without the normal controls and that Lisa Adkins was offered the position as executive director of YouthFriends in order to tap the funding source over which her husband had authority.

Adkins brushed off Mayans’s charges as “politically motivated,” asserting that Mayans and he have “a long-standing feud” stemming from a disagreement over abortion legislation. Adkins posited that there is nothing unethical about his situation.

Establishing funding

In 1995, the speaker of the house created the Select Committee on Juvenile Crime and named Adkins chair, an appointment Adkins said he did not ask for or expect. The select committee drafted the Juvenile Justice Reform Act of 1996, which Adkins sponsored. The act established the Kansas Endowment for Youth — a fund in the state treasury to finance “prevention programs for youth.” It also created an executive agency, the Juvenile Justice Authority (JJA), to eventually take over all responsibility for juvenile programs and a citizen advisory board to oversee the new JJA, the Kansas Youth Authority (KYA).

The newly formed KYA was to administer the youth endowment. Gov. Bill Graves appointed Adkins chair. Then a third-year lawmaker, Adkins estimated that his new position gave him oversight over nearly $400,000 annually for “discretionary grants.”

At a monthly meeting in the fall of 1998, the KYA was set to hear a proposal for one such discretionary grant, presented by a coalition of groups, including YouthFriends. Adkins said he told the other members of the authority that his wife was executive director of YouthFriends, then proceeded to explain KYA’s options. They could either award the grant to the coalition, open it for competitive bidding by other groups, or opt for a combination of the two. He said he then recused himself from voting and relinquished the chair of the meeting.

“I said ‘this is really up to you all,’ and I left the room,” Adkins explained. He said it was only after the group failed to come to any decision during the meeting that his wife and representatives from the other groups attended the next scheduled KYA meeting to explain their project.

Adkins said he refrained from voting again, but he didn’t need to. The KYA opted to skip the competitive grant application process. It set aside a five-year $2.4 million reserve for the largest ever state-funded mentoring initiative - $500,000 for the first year, with four years of optional renewals.

Mayans called the amount of the grant “unusually large” for non-competitive bidding. He pointed out that an official for one of the other groups involved in implementing the program, the Southeast Kansas Education Service Center, was

Mayans said he marveled at how "Mrs. Adkins and Mrs. McKechnie coincidentally found out that this money was available for just what their programs did" despite the grants never being advertised. He speculated, tongue in cheek, "maybe it was through pillow talk" that the directors of YouthFriends and the Southeast Kansas Education Service Center learned about the availability of the grants.

Mayans questioned whether Lisa Adkins was qualified to be the point person on such a grant, saying "she had never had any experience before and she didn't have to show results" to get the grant.

Adkins responded that YouthFriends is a leader in community-based mentoring, pointing out that it was recently recognized by the National Mentoring Partnership as exemplary.

"I believe that if this had been an open proposal — that the coalition including YouthFriends] would have more than likely been selected," Adkins asserted.

He said his wife has more than 20 years experience in the youth service field, including work on a previous initiative of the Greater Kansas City Community Foundation, the "Partnership for Children."

Lisa Adkins told the Center she signed on with the Greater Kansas City Community Foundation — the group that later spawned YouthFriends — in July 1994. She is listed as "youth director" by foundation in its annual Internal Revenue Service tax return for 1997.

It is not until the group's 1998 return, though, that she is listed as executive director of YouthFriends. According to Nancy Parks, YouthFriends vice president, the group existed as an initiative of the Greater Kansas City Community Foundation until it was "spun off" in 1999.

Adkins said he did not report his wife's executive position on his 1999 disclosure form because her group did not have independent tax status until after he filed. He said he planned to list her position on future disclosure statements.

**Favorable reception**

Fewer than five months after Lisa Adkins testified on behalf of YouthFriends before her husband's committee, she appeared before the House Public Safety Budget Committee, which had to give final approval for the grant. Rep. McKechnie serves on the committee and, not surprisingly, he supported the grant for the mentoring initiative.

McKechnie reported that his wife Kristine received income from a non-profit called Greenbush, which is short for the Southeast Kansas Education Service Center at Greenbush. But McKechnie was not required to report that Kristine McKechnie serves as program coordinator for the group, which includes YouthFriends among its affiliated agencies. Greenbush helped implement the mentoring program for which the grant was received.

McKechnie did not return several telephone messages left by the Center.

YouthFriends maintains still more connections to the legislature, as it lists Senate President Dick Bond (R-Overland Park) as the secretary and treasurer of its board of directors.

The grant was approved for one year and, while Lisa Adkins did receive a raise that year, she said "not a dime of my salary comes from any governmental entity at all."

Documents on file with the Internal Revenue Service show that the salary paid Lisa Adkins by the Greater Kansas City Community Foundation increased from $62,250 in 1999 to $80,000 in 1998. She told the Center that in 1999, the year after YouthFriends won the grant, her annual salary increased to $87,500. None of the salary figures include benefits.

The grant was not renewed. Adkins said he believes its demise came because it was perceived as "politically tinged."

"If I had to do it over again — would I do it differently? I would," Adkins reflected. "The thing I regret is giving my political enemies the chance to bludgeon a really good youth program."

More recently, Adkins Appropriations Committee sponsored a 1999 bill that set aside part of the state's windfall from its settlement of a lawsuit against tobacco companies for the Kansas Endowment for Youth Fund. The fund, which has $500,000 earmarked for mentoring programs like YouthFriends, is governed by the Juvenile Justice Authority.

"**Plenty of loopholes**"

Reps. Adkins and McKechnie earn $74.58 for each day of the three-month legislative session, $80 per diem, and a $5,400 allowance when not in session. Adkins did not receive payment for his service on the Kansas Youth Authority, which was eliminated this year.

In the cases of Adkins' position with the Community Foundation of Johnson County and his wife's position with YouthFriends, the lawmaker filled in the section of the state-mandated disclosure form that asked for information about "place of employment," but left blank the section that asked if either they or their spouses held "a position of officer, director, associate, partner or proprietor" in any organization or business.

Mayans did not charge Adkins or McKechnie with violating any disclosure or conflict of interest laws, stating instead "I'm sure there are plenty of loopholes there. These folks are very careful that when they violate the integrity of the process, they find the loophole."
From Hidden Agendas Report

Kansas ranked 24th in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Kansas received 64.5 out of a possible 100 points.

The Center examined what it termed “basic,” or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Kansas’ “Statement of Substantial Interests for State Elected Officials” requires all of the above be disclosed, except real-property information.

Kansas is one of 18 states that do not require lawmakers to disclose their real property holdings.

Kansas is one of 26 states that do not require lawmakers to disclose employment information for their dependents. It is also one of 24 states that do not require lawmakers to disclose investments held in their dependents’ names.

Kansas is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers’ economic interests, because these states do not require lawmakers to report the value or value range of their employment income or investments.

Kansas is one of 20 states that require lawmakers to disclose some information about business clients.

Public Service, Personal Gain in Kentucky

by John Dunbar

As chairman of the Kentucky General Assembly’s Tobacco Task Force, Sen. Joey Pendleton (D-Hopkinsville) has a lot of influence over how the state will spend its $3.45 billion share of proceeds from a settlement with cigarette makers.

Pendleton has been a force in efforts to direct a substantial percentage of the funds to developing agricultural interests that would wean fanners from their reliance on tobacco as a cash crop.

He has empathy with tobacco fanners. Actually, he owns a tobacco quota, meaning he receives income from the sale of tobacco, though it is a small amount, he says. He also owns a farm which he leases to someone else.

Sympathy for farmers

Pendleton says he will not benefit from the tobacco windfall and does not see a conflict. But he simply feels badly for fanners.

"I feel sympathetic, yes, to the tobacco fanners in those areas. I see the devastation that's going to happen in rural areas of Kentucky,” he said. "I'm looking at trying to make new markets and get something in those areas.”

Kentucky is the second-largest tobacco-growing state in the nation, behind North Carolina.

When lawyers for 46 states suing cigarette makers reached a $206 billion settlement, there was concern in Kentucky that cigarette prices would rise and demand for tobacco would fall.

Thus the effort to help the state's fanners. Pendleton and farm leaders want to dedicate half the state’s settlement share to agriculture.

Last summer (1999), Pendleton and fellow lawmaker Rep. Roger Thomas (D-Smiths Grove) proposed developing sectors of agriculture other than tobacco. For example, they want $15 million put toward forage and livestock in an effort to help the state's beef industry.

Windfall for farmers

“The beef industry probably has the most potential for in-
creasing farm income for Kentucky," Thomas told the *Lexington Herald-Leader* when unveiling the plan. The lawmakers' financial disclosure forms indicated Thomas's wife owns an interest in a dairy and Pendleton sells cattle. (Pendleton said he has since sold his cattle.)

Health advocates would like to see a much larger share of the money go to smoking cessation and health programs, given that the settlement is supposed to be a reimbursement for Medicaid funds the state has spent on treating smoking-related illness.

"It should go back for health" said Arch G Mainous Jr., president of Good Samaritan Foundation Inc., Kentucky's largest independent grant-making health philanthropy.

Mainous says the farmers are already being taken care of, in a separate part of the tobacco settlement.

He is referring to the "phase II" agreement that will pay Kentucky's tobacco farmers $1.5 billion to compensate them for losses arising from the federal settlement.

Kentucky has taken the phase II money and paid it directly to tobacco farmers. Mainous says it would make more sense to use that money for agricultural reinvestment.

"My view on that is not too popular around here," he said.

**Role in distribution**

Pendleton has a role in the distribution of the phase II funds as well. Kentucky Gov. Paul Patton appointed him to a panel that decides how the funds are divvied up among farmers.

Pendleton says the amount of money farmers are getting in phase II is paltry. His share, for example, was $160. He estimates he made about $1,200 on the sale of tobacco last year.

He said the average check in Christian County, which he represents, was $365. In Eastern Kentucky the average check was $199. With income from growing tobacco slashed by as much as 70 percent in the past two years, the farmers need more help than that, he said.

To further help the farmers, Pendleton has sponsored legislation that would exempt those funds from state income tax.

The state has fairly tough conflict-of-interest rules.

The state constitution says if a legislator has a personal or private interest in legislation, he or she must refrain from voting or participating in the legislation. The code states that a legislator should be barred from voting only if the direct interest is "clear" and "particularly personal."

From Hidden Agendas Report

Kenton ranked 21st in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Kentucky received 70 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Kentucky's "Statement of Financial Disclosure" requires all of the above be disclosed, except family name information.

Kentucky limits the disclosure of investment information by requiring only the disclosure of investments in which lawmakers have more than 5% ownership interest or have more than a $10,000 fair market value.

Kentucky is one of 26 states that require lawmakers to disclose investments for all members of their households, but is also one of only 26 states that do not require lawmakers to disclose the employers of their dependents.

Kentucky is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their employment income or investments.

Kentucky is one of 20 states that require lawmakers to disclose some information about business clients.

Public Service, Personal Gain in Louisiana

by John Dunbar

Kenner, La., is a fast-growing city with some sizable legal bills. In 1998 alone, the city paid attorney Glenn Ansardi's law office $426,000, roughly a third of the firm's income.

But Ansardi is more than a lawyer. He's also a state represen-
tative and an advocate for Kenner when it comes to legislative affairs. He doesn’t hide the fact.

"I sponsor legislation on behalf of the city," he told the Center for Public Integrity in an interview.

Despite the considerable income his firm derives from doing legal work for Kenner, Ansardi (D-Kenner) said he feels no pressure to follow the city’s wishes when he sits as a representative.

No pressure

"That’s never been an issue at all," he said.

According to Louisiana’s code of ethics, if a lawmaker has a personal or private interest in legislation, he or she should not vote on the matter.

Jim Brandt, president of the Louisiana Public Affairs Research Council, a government watchdog group, is opposed to arrangements such as the one between Kenner and Ansardi.

"From the conflict point of view, I guess it becomes, who is the legislator representing? Is it the municipality that he works for, his district, the state as a whole? I think many times the interests would be different," Brandt said. "Ideally, he would be representing his district and if there’s something of interest to his district, he shouldn’t have to be paid to introduce that (legislation) and protect the city’s interest."

Ansardi first began doing legal work for Kenner in 1979. In 1986 he was elected to the Louisiana House of Representatives. In 1987, the city made a request for proposals from law firms to do the city’s legal work. Ansardi’s firm got the job and has held it since. The award was not based on a low bid.

"We don’t bid professional services in Louisiana," he said. "You don’t have brain surgery from the low bidder."

Unfair advantage

Brandt said the lawmaker in this case has an unfair advantage. A legislator can go to the city and say ‘‘Look, I’m in the legislature, you need me, I can help you.’ Therefore there’s not fair competition for that job. It’s simply not a level playing field at all."

Ansardi said his position as a representative was not an issue when his firm was hired. Instead, city officials considered his experience representing Kenner.

"It wasn’t like, ‘here’s this state official, let’s try to curry some favor with him,’” he said.

Ansardi’s support has benefited the city’s coffers. For example, he sponsored a city-backed bill that would allow proceeds from a hotel-motel sales tax to be placed in the city’s general fund. Not surprisingly, city leaders supported Ansardi’s efforts.

"Yes, the mayor and other elected officials for the city of Kenner generally support any legislation filed by our delegation that could bring new revenues to the city," said Chief Administrative Officer Nick Nicolosi in a written response to questions from the Center.

Nicolosi said it is not unusual for the mayor to ask for legislative help from Ansardi. “The mayor has from time to time asked Rep. Ansardi to support legislation that would be beneficial to the city or our area, as well as oppose legislation that would be detrimental.”

Nicolosi sees no conflict

"Rep. Ansardi has been elected to serve the constituents of his district, and I believe he serves them well. I can think of no issue in his years of elected service where a conflict arose between his responsibility as a legislator and his duties as one of many attorneys that provide legal services for the city of Kenner," he said.

Ansardi is not alone in sponsoring legislation for the area. Last year, Ansardi as well as fellow representative Daniel Martiny (R-Metairie) introduced a bill that would impose a 1 percent hotel-motel occupancy tax to be used to fund an array of projects. The bill failed, despite backing from city leaders.

Sheriff a good client

Martiny has also profited from his representation of local government. His firm collected $257,345 from the Jefferson Parish Sheriff’s Office. Martiny has sponsored legislation affecting Jefferson Parish. (The city of Kenner is located within
According to Louisiana's constitution, "the legislature shall enact a code of ethics prohibiting conflict between public duty and private interests of members of the legislature."

The code of ethics says if a lawmaker has a personal or private interest in legislation, he or she should not vote on the matter. However, a lawmaker may vote on such legislation if, within three days of the vote, he or she files a written statement with the chief clerical officer of the body in which the vote is taken; the statement should explain the conflict as well as why the lawmaker was able to vote objectively and in the public interest.

Ansardi’s fees are public record. In Louisiana members of the legislature are required to report any income received from state and local government. The only other requirement is for lawmakers to report financial dealings with gambling interests.

Since the state prohibits lawmakers from voting on an issue where they have a conflict, it is generally up to the lawmaker himself to decide whether to abstain.

Surrounding cities may consider Kenner has an unfair advantage when it comes to legislative issues, but Ansardi said his position is well-known.

"In my case, I'm disclosing, so they know," he said.

**From Hidden Agendas Report**

Louisiana ranked 46th in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Louisiana received 32 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Louisiana's "House and Senate Income Disclosure Forms" require only two of the above — employment and investment information.

Louisiana requires lawmakers to disclose their business interests, but only if they received money from a political subdivision or gaming interests.

Louisiana is one of seven states with financial disclosure systems in place which do not have penalties for late filings written into their statute.

Louisiana is one of 11 states that do not require lawmakers to disclose their officer or directorship positions.

Louisiana is one of 19 states that do not require lawmakers to disclose their real property holdings.

Louisiana is one of 28 states that do not require lawmakers to disclose employment income and investments for all members of their households.

Louisiana is one of 41 states that do not require lawmakers to report the value or value range of their employment income and investments.

**Public Service, Personal Gain in Maine**

by Ken Vogel

Joseph Bruno is the president and chief executive officer of Goold Health Systems, a multi-million dollar Maine health care claims processing corporation, and the president of Community Pharmacies, a fast-growing chain that operates eight Maine pharmacies.

Bruno also happens to be a member of the Maine House of Representatives. He has used his political power in the Pine Tree State to benefit himself and both companies, one of which receives more than $10 million in taxpayer-funded contracts from the state.

As a member of the powerful Committee on Appropriations and Financial Affairs, Bruno, a three-term Republican representing the town of Raymond, had a say in allocating every one of the $4 billion dollars in the state's biennial budget for fiscal years 1998 and 1999, including the more than $10 million worth of state contracts to Goold Health Systems, the 115-employee Augusta-based private company he has run since 1995.

During the two terms he has served in the legislature while also serving as CEO of Goold, Bruno has watched the number and monetary value of Goold's state contracts increase. He has opened a chain of pharmacies with a high-ranking Goold official and another business associate. He has crafted legislation reducing the operating costs of that chain, increased the power of a state licensing board on which an official in both Bruno companies sits, and attempted to expand the influence of a pharmacy association that counts him as a board member.
Not a “public issue”

"Just about everyone at the statehouse knows about” Bruno’s interest in Goold and the state contracts awarded the company, according to Jane Orbeton, legislative liaison to the Committee on Health and Human Services. It is a committee on which Bruno once served and that processed several Bruno bills affecting his companies. But, Orbeton added, “I’ve never been aware of it becoming a public issue.”

Thanks to three semantic loopholes in Maine’s disclosure laws, Bruno was not required to disclose his executive positions with either firm, his ownership interests in the firms, nor that Goold holds contracts with the state.

Maine law does not require legislators to disclose whether they have ownership interests in any companies or properties. Nor are lawmakers required to report if they serve as an officer or a director of a company, a requirement placed upon legislators in 39 states.

While Maine’s disclosure form asks lawmakers if they or their immediate family have “sold goods or services with a value in excess of $1,000” to any state agency, it does not ask if the companies for which they or their immediate family work have contracts with the state. So Bruno is legally absolved from listing Goold’s contracts with the state.

Bill Hain, executive director of Maine’s Commission on Governmental Ethics, called the state’s disclosure laws “rather weakly written” in regards to state contracts. He said he wrote an omnibus bill that would have “plugged that loophole” and others, including the lack of a provision requiring disclosure of officer or director positions.

The bill, he said, “is not going anywhere” because of a lack of support.

A recent Center for Public Integrity study ranked Maine 33rd of 50 states for making available to the public information on legislators’ private income, assets, and conflicts of interest.

“Just the way it is in Maine”

Maine maintains a part-time “citizen legislature,” paying its lawmakers an average of $9,000 per year plus expenses for a two-year session — the 4th lowest salary out of 41 states that pay their legislators annually.

Clerk of the House Joseph Mayo, himself a former legislator, in October told the Center that most legislators need another source of income to make ends meet.

Hain explained there are no laws limiting legislators’ occupations but there are laws limiting their lawmaking and voting based upon those occupations.

Still, Mayo said, “we have to have a very low standard for conflicts of interest.” He said lawmakers will be required on occasion to make official decisions that intersect with their lives outside the legislature. He is quick to assert, however, that “our ethics are very high,” thanks in part to an unofficial mechanism by which legislators warn each other of perceptions of conflicts.

"It's just the way it is in Maine," he explained.

Hain said that the ethics commission cannot act in cases of alleged conflicts of interest without being prompted by a written complaint and does not have the power to act beyond issuing findings and fines. He said no one has filed a complaint against Bruno.

Bruno did, however, voluntarily come before the ethics commission in April 1998 asking for permission for Goold to accept, without competitive bidding, a Department of Human Services (DHS) contract on which another Maine company had defaulted. Hain remembered the commission granting Bruno permission to accept the $75,000 contract, which Goold still holds today.

A recent Center for Public Integrity study ranked Maine 33rd of 50 states for making available to the public information on legislators’ private income, assets, and conflicts of interest.

“Less risk of opposition”

But that no-bid contract is minor compared to Goold’s other contracts with DHS. Bruno’s own Appropriations Committee in 1999 approved the expansion of an existing DHS program for which Goold had a $5.8 million contract.

The expansion of the Maine Low Cost Drugs for the Elderly Program was folded into the budget rather than going through the bill-to-law process, Orbeton said, because “there was less risk of opposition if it’s in the budget.”

According to Jim Lewis, director of management for the Bu-
The expansion — which went into effect during August 1998 after the appropriations committee approved an amendment to Maine law — increased the number of citizens eligible for the program by nearly 40 percent.

Lewis estimated that the expansion translated into 10,000-12,000 more senior citizens making claims for benefits under the program. All claims through the program are processed by Goold. Lewis said that, as a result of the increase, DHS added roughly $3 million to the original contract awarded Goold, bringing the total value to $7.8 million — making it “the biggest [contract] in this bureau right now.”

Lewis said that Bruno and the other Appropriations Committee members are asked to base their decisions about approving departmental budgets on copies of the budget that list only monetary amounts for specific contracts but redact the names of the vendors on the receiving end of the contracts. Still, Lewis admitted that the names of vendors often are mentioned in response to specific legislator questions.

“T would be very surprised if [Goold Health Systems’ name] did not come up in the process” of Appropriations Committee budget hearings, Lewis told the Center.

Bruno told the Center he recused himself from voting on the motion to include the program expansion in the budget.

J. Timothy Leet, a senior analyst for the Office of Fiscal and Program Review, said that minutes are not kept of Appropriations Committee meetings and that motion votes are not always recorded.

Goold maintains largest market share

Goold’s Web site boasts that the company has continuously maintained the largest market share in the state of Maine in data entry services and Lewis acknowledged that his bureau does not hold contracts with any other data processing companies. Goold, he said, was the only bidder on most of its DHS contracts and was awarded one contract on a no-bid basis.

When asked why Goold has had such success in winning state contracts, Bruno responded “maybe we’re the only company in Maine that does what we do.”

Lewis, though, offered that at least one company, Boston-based Keane, had bid on and lost at least one contract to Goold. Keane officials refused comment.

Goold’s no-bid contract paid the company to create and maintain a “point of sale” system that allows pharmacists to verify, through an online database, customers’ eligibility for certain low-cost drug programs.

Lewis said this system, instituted in 1995 — the year Bruno was hired as Goold’s CEO — was enthusiastically received by pharmacists because it saved them time and money.

Reshaping the pharmacy business from the inside

The system also saved Bruno money and highlighted another conflict between his legislative role and economic interests: Not only is Bruno a licensed pharmacist and a director of the Maine Pharmacists Association but, according to state pharmacy board official Susan Greenlaw, Bruno is among the four corporate officers of Community Pharmacies, a limited liability corporation that owns a fast-growing chain of pharmacies.

Community Pharmacies is privately held by its employees, Greenlaw said, and two of the four officers of the company also work for Goold. The company opened all eight of its Community Pharmacies in Maine since March 1998, casting a suspect light on two bills proposed by Bruno aimed at reducing the costs of operating a pharmacy in the state.

Bruno sponsored a 1997 bill that amended the Maine Pharmacy Act by creating the position of “pharmacy technician,” allowing non-pharmacists to carry out many drug dispensing duties “under the supervision of a pharmacist.” Greenlaw said the onus for training these technicians falls on the individual pharmacies, creating the possibility that individual pharmacy operators could provide different levels of training for technicians.

Because pharmacy technicians undergo far less training than the four to five years required to earn a degree in pharmacy, Greenlaw said pharmacy owners typically can retain technicians for a fraction of the salary commanded by pharmacists.

Bruno said that Community Pharmacies currently employ “at least two [pharmacy technicians] per store.” He acknowledged that Community technicians are paid “about a third” of a full pharmacist’s salary, but said the new position did not financially benefit Community because similar positions previously existed independent of state law.

A 1999 bill cosponsored by Bruno further amended the act to make things easier on pharmacy operators. The bill, co-sponsored by another legislator with financial ties to the pharmacy industry, reduced still more the need for trained pharmacists by allowing a single pharmacist “to be in charge of more than one outlet with written permission from the board” and “allowing drug outlets to open prior to state site inspection.”

Bruno said he sponsored the law as a favor to larger corporate pharmacy chains like Rite Aid. He said Community would not apply to have one pharmacist in charge of multiple outlets.

Community Pharmacy did take advantage of the other change
made to the law; in February 2000, months after the law became effective, Community applied for and was granted permission to open a new pharmacy in Houlton prior to state inspection. It will likely have several opportunities to take advantage of the new rules as Greenlaw said "they are growing and I know there's more coming."

The board authorized to grant pharmacies permission to open before inspection and to have one pharmacist in charge of multiple outlets is the Maine Pharmacy Board. The president of the pharmacy board is John Grotton, who happens to be vice president of both Goold Health Systems and Community Pharmacies.

Bruno said that Grotton “was on the board of pharmacy before he [started work with Goold or Community Pharmacy].”

The 1999 bill also created an "automated pharmacy system" to perform electronic transmission of prescriptions and to store, package, label, and dispense medications. Bruno said the new system would not require the state to enter into a data processing contract.

Bruno's co-sponsor on the 1999 pharmacy bill was freshman Rep. Robert W. Nutting (R-Oakland). Nutting owns True's Pharmacy, an Oakland, Maine, retail store with 19 employees and an estimated value of between $2.5 million and $5 million.

Nutting requested another bill be drawn up in 1999 that would have required justification for any fee changes associated with the dispensing of prescription drugs. The legislative council rejected the bill.

He admitted to the Center that the bill would benefit True's Pharmacy, but asserted his sponsoring it did not constitute a conflict of interest because "it certainly benefits a larger group of pharmacists than just me sitting in my little office here."

True to affiliations

Nutting had better luck when he teamed with Bruno, as he did in proposing another 1999 bill that would have increased the power of a group with which they are both affiliated, the Maine Pharmacists Association.

The bill, which did not pass, would have required the state-run Maine Data Health Organization and the Medicaid Advisory Committee to create positions on their boards for one pharmacist member each. The pharmacist member would be "chosen from a list provided by a statewide pharmacist association."

While the bill does not say so explicitly, legislative analyst Orbeton comments the unspecified “pharmacist association” would have been the Maine Pharmacists Association, which counts Bruno and Grotton as board members and Nutting as chairman.

From Hidden Agendas Report

Maine ranked 33rd in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Maine received 49 out of a possible 100 points.

The Center examined what it termed “basic,” or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Maine's "Statement of Sources of Income" requires all of the above be disclosed, except real-property, officer/director, and family name information.

Maine is one of seven states with financial disclosure systems in place which do not have penalties for late filings written into their statute.

Maine is one of 11 states that do not require lawmakers to disclose their officer or directorship positions.

Maine is one of 18 states that do not require lawmakers to disclose their real property holdings.

Maine is one of 22 states that require lawmakers to disclose employment income and investments information for all members of their households.

Maine is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their employment income or investments.

Maine is one of 20 states that require lawmakers to disclose some information about business clients.

Public Service, Personal Gain in Maryland

by Robert Moore

Even for Maryland's scandal-plagued state legislature, 1999 and 1998 were particularly shameful years.
First, Senate lawmakers impeached Larry Young (D-Baltimore) after he took thousands of dollars from a Maryland health care company that he favored with legislation. An Annapolis jury acquitted him of bribery in a later trial.

Next, Delegate Tony E. Fulton (D-Baltimore) and statehouse lobbyist Gerard Evans were ordered to stand trial on 11 counts of mail and wire fraud in connection with an alleged scheme to defraud Evans’ chemical industry clients out of lobbying fees.

The high-profile Young and Fulton cases paint harmful images of Maryland lawmakers who have used relationships with lobbyists and other special interests for personal financial gain.

Alleged $10,125 payoff

The indictment alleges that Fulton helped Evans collect $400,000 in lobbying fees over three years by proposing legislation that would make it easier to file lawsuits against paint companies and asbestos manufacturers.

Prosecutors contend that Evans steered a $10,125 real estate commission to pay Fulton for helping with the plan.

"Evans arranged for Fulton to receive that commission, which represented 30 percent of Fulton’s [legislative] income that year, even though Fulton had never before handled a commercial real estate transaction ... and there were dozens of other, more knowledgeable Realtors Evans could have chosen," Assistant U.S. Attorney Dale Kelberman wrote in a recent court filing.

Evans and Fulton—a member of the House of Delegates committee authorized to investigate state officials who violate Maryland law or the state constitution—pleaded not guilty.

Clinic with checkered past

The case continues to make front-page news in Maryland and Washington, D.C., newspapers. But Fulton’s financial ties to a Maryland health care company with a checkered past and a connection to Evans all but escaped earlier notice in the media.

Fulton’s 1999 financial disclosure report lists Baltimore-based Total Health Care Inc. as a source of income for his wife, Jacqueline, a pediatrician.

In 1994, Total Health Care and Maryland’s Kennedy Krieger Institute were participants in a state program to treat children who had been poisoned by lead paint. At the time, the Maryland Department of the Environment said about 11 percent of children tested for lead poisoning had elevated lead levels.

That program began before the alleged conspiracy by Fulton and Evans involving lead paint manufacturers.

Fulton’s 1999 financial disclosure report also identifies the state Department of Mental Health and Hygiene as a source of family income, because Total Health Care provides contract services to the agency.

It has government contracts despite a controversial past

Records seized, Medicaid fraud charged

Total Health Care’s financial records were subpoenaed in a 1998 federal grand jury investigation of ex-Sen. Young. Total Health Care had paid consulting fees to Young’s company, the LY Group, while he served as a legislator in 1989. More recently, Total Health Care named its main clinic after the former senator.

Young, who served as chairman of a Senate health care subcommittee, was accused of accepting bribes from another health maintenance organization that wanted to do business in Maryland. He was expelled from the Senate, but acquitted of the charges at trial.

The federal grand jury that investigated the Young case had also received records from ARG Medical Inc. of Columbia, Md., another health care firm with ties to Total Health Care. Dennis Cherot, who had been an ARG executive, later became the top executive of Total Health Care.

In 1995, an employee of Total Health Care pleaded guilty to bribery and Medicaid fraud. State investigators said the employee, and workers at other HMOs, had lied, forged signatures and bribed state workers to enroll poor people in certain health programs.

As a result of the Fulton affair, the legislature passed a law...
that requires lawmakers and lobbyists to lay out for public
corruption details of any mutual business relationships.

From Hidden Agendas Report

Maryland ranked 20th in the nation for
making basic information on state leg-
islators’ private income, assets, and
conflicts of interest available to the
public.

The Center ranked each state based on
the existence of financial-disclosure fil-
ings, access to these public records, basic disclosure require-
ments, and penalties on the books for late or inaccurate re-
ports. Maryland received 71 out of a possible 100 points.

The Center examined what it termed “basic,” or minimal, dis-
closure requirements — legislators’ employment relation-
ships, officer/director positions, investments, real-property
holdings, client and family name information — and found
that Maryland’s “Financial Disclosure Statement” requires
all of the above be disclosed, except client and family name
information.

Maryland is one of 24 states that require lawmakers to dis-
close employment information for all members of their house-
holds, but is also one of only 18 states that do not require
lawmakers to disclose the investments of their spouse or
dependents.

Maryland is one of only 13 states that allow citizens to differ-
entiate between minor and major sources of lawmakers’ eco-
nomic interests, because these states require lawmakers to
report the value or value range of their investments. How-
ever, it is one of 37 states that do not require lawmakers to
report a value or value range of their employment informa-
tion.

Public Service, Personal Gain in
Massachusetts

by Robert Moore

As the chairman of the Massachusetts House Banking Com-
mittee, state Rep. Philip Travis (D-Rehoboth) oversaw every
significant piece of banking legislation that came out of the
legislature.

That changed in 1999, after federal and state authorities be-
gan investigating allegations Travis pressured Boston banks
for donations to a Native American charity he did work for.

His alleged heavy-handed appeals for money landed at least
$20,000 for one of his favorite charities. But House leaders
removed Travis from the high-profile chairmanship amid the
growing scandal.

Banks gave $20,000 to Travis’ cause

At the time the solicitations took place, the legislature was
wrestling with a series of bills that strongly affected the bank-
ing industry, including a proposal to ban bank surcharges on
automatic teller machine transactions.

At least two banks decided to give to the chairman’s favorite
charity — donating $10,000 each to the cause. In a statement
released during the probe of Travis, Fleet Bank said its con-
tributions were “consistent with the bank’s guidelines for
charitable donations,” and enhanced its efforts to encourage
diversity.

Authorities ultimately completed the investigations without
filing charges against Travis. They concluded, however, that
ethics laws might have been violated, so the case was sent to
the Massachusetts Ethics Commission for review, the Bos-
ton Globe reported.

As of April 2000, no Ethics Commission rulings have been
released.

Travis drew most of his personal income from the Massasoit
Community College, where he was an adjunct history profes-
sor, according to financial disclosure reports filed in 1999.

He didn't disclose an unpaid post soliciting money for the
Seaconke Wampanoag tribe and representing the tribe in
negotiations for “financial development partnerships.”

The 200-member tribe, based in Travis’ home district, had
been trying to win recognition as an official part of the larger
Wampanoag Tribe. The larger Wampanoag Tribe, in turn,
had been trying without success to win approval for gam-
bling casinos.

Lawyer says conduct "appropriate
and legal"

As banking bills wound through his committee in 1998, Travis
reportedly approached banks for donations of as much as
$25,000. Some bank officials accused Travis of becoming
enraged when his requests were rejected.

Thomas R. Kiley, a lawyer representing Travis, told the Cen-
ter for Public Integrity nothing improper ever occurred. “The
position we take is that Phil Travis’s conduct was appropri-
ate and legal,” Kiley said.

"Massachusetts law specifically recognizes that elected mem-
bers of the legislature are expected to engage in activities to
benefit their constituents.”

State law, in fact, prohibits lawmakers from directly seeking
charitable contributions from people who have an interest in
legislation "other than the general interest shared with citi-
zens."
Carol Carson, public information director for the Massachusetts Ethics Commission, would not confirm or deny the panel is looking at the Travis case. Ethics investigations, and in most instances the commission's findings, are confidential.

The Travis controversy drew unwanted attention in late 1998, prompting House Speaker Thomas M. Finneran to strip Travis of the banking chairmanship when the legislature adjourned in January 1999. Travis lost his $7,500 chairmanship stipend, but he did land choice appointments to the House taxation and ways and means committees.

Massachusetts is one of only 13 states that allow citizens to differentiate between minor and major sources of lawmakers' private income, because these states require lawmakers to report the value or value range of their employment information. It is also one of 37 states that do not require lawmakers to report a value or value range of their investments.

Public Service, Personal Gain in Michigan

by Ken Vogel

The Michigan Agri-Business Association is registered to contribute to state races, but it may not have to dig deep into its coffers to insure the support of one influential state senator.

James Byrum, the association's executive director, is married to Sen. Dianne Y. Byrum (D-Onondaga) and the two have worked together to improve the plight of the state's declining agriculture industry.

The agri-business association is a trade group that lobbies the state legislature and the U.S. Congress on behalf of Michigan's agricultural pesticide and fertilizer industry.

Sen. Byrum, a political up-and-comer who in April announced her candidacy for the U.S. House of Representatives, is in a unique position to promote the agenda of her husband's group; she is vice chair of the five-member Senate Committee on Fanning, Agribusiness and Food Systems and was a member of the ad hoc Michigan Senate Taskforce on Agriculture Preservation.

Sen. Byrum has voted to fund programs for which her husband's association has grants and has supported legislation pushed by the association.

James Byrum in 1999 testified before his wife's committee to urge the passage of a bill extending the Michigan Groundwater Stewardship Program, a state program aimed at preventing groundwater contamination.

Byrum's agri-business association is one of the six groups charged with administering the program, which received $8.3 million in grants between its creation in 1993 and 1998, according to the governor's office.

Jack Knoreck, grants manager for the Department of Agriculture, told the Center for Public Integrity the program allo-
cates only $20,000 to the agri-business association annually. Sen. Byrum did not recuse herself from deliberations on the measure, nor did she mention that the director of the agri-business association was her husband, according to Nobuko Nagata, the Senate Fiscal Agency analyst who drafted the Michigan Groundwater Stewardship Program renewal bill.

**It’s an institute you can’t disparage**

Byrum told the Center she did not think it necessary to announce that the head of the Michigan Agri-Business Association was her husband because “it’s common knowledge.”

Byrum said she consulted with Alan Canady, Senate Democratic legal counsel, who told her the legislation did not constitute a conflict of interest. Byrum voted for the bill, which breezed out of committee 5-0 before the Senate and House passed it unanimously and it became law.

That same year, Byrum voted for a bill pushed by her husband’s group that increased the maximum allowable weight for trucks hauling agricultural commodities in some counties by more than eight percent — to 80,000 pounds — despite critics’ assertions that Michigan’s roads were not built to handle the excess weight and could sustain a large amount of damage from the excess weight.

Like the Michigan Groundwater Stewardship Program bill, the agricultural vehicle weight limit increase bill went through Byrum’s committee and became law, as did two 1998 bills pushed by the agri-business association and supported by Byrum.

The “Michigan Food Processing Act,” which went through Byrum’s committee, made it more difficult for neighbors to file nuisance complaints against food processing plant “noise, odors, waste water, dust, fumes, and other associated conditions.”

The other 1998 bill eliminated local government’s ability to independently regulate fertilizers and reduced the amounts of the fines that localities could levy for violations of state fertilizer codes.

The bill went through Byrum’s committee, which was not swayed by the state legislative analyst’s assertion that it “would strike at the concepts of local control and home rule by diminishing the authority of local executives and local governing bodies to make decisions that affect the health and safety of residents in their communities.”

The case for the bill centered around standardizing the regulations because “the consequences of such varied regulation could result in increased costs for fertilizer dealers and users.”

Suzanne Lowe, the bill analysis coordinator for the Senate Fiscal Agency, told the Center that, to the best of her knowledge, Byrum never mentioned her ties through her husband to the fertilizer industry when deliberating on the bill.

Byrum’s efforts on behalf of the fertilizer and pesticide industries also included sponsoring a 1999 resolution urging the U.S. Congress to consider the threats posed to Michigan agriculture by the implementation of measures curbing pesticide use in the federal Food Quality Protection Act of 1996.

"Very sensitive"

“I’ve never had a direct financial interest in anything I’ve voted on,” Sen. Byrum told the Center, stressing that she consulted with Canady, the Senate Democratic legal counsel, “any time there was a question” about how legislation might affect herself or her family. Canady told the Center that Sen. Byrum’s support of legislation pushed by her husband’s group is not a conflict of interest under Senate rules because it does not constitute a “direct financial benefit” for Byrum or her immediate family.

“In terms of her husband’s non-profit, I did not feel it was necessary for her to recuse herself,” Canady said, adding that when she served two terms in the House before winning a Senate seat, Byrum recused herself from voting on legislation that could affect her hardware stores.

“She’s very sensitive to these issues,” Canady said of Byrum.

Canady said that Byrum never consulted with him about campaign finance issues.

The agri-business association in July 1998 registered with the Michigan Bureau of Elections as a political action committee (PAC), allowing it to donate money to political campaigns. Less than three months later, the newly formed agri-
business PAC applied for and was granted a reporting waiver. According to Peter Allegrina, an official with the Michigan Bureau of Elections, the reporting waiver allows the agri-business PAC to contribute up to $1,000 to state campaigns without reporting to which campaigns it donated.

An official in Sen. Bynum's office said she did not receive any contributions from the agri-business PAC for either her state or U.S. congressional races.

No information

While Canady said most folks around the legislature are aware that Sen. Bynum's husband works for an advocacy group, Michigan does not require its lawmakers to disclose any information about their outside interests.

A recent Center study found the Wolverine state is one of only three states that do not mandate any form of financial disclosure for its elected officials. While the other two non-disclosure states — Idaho and Vermont — employ part-time "citizen legislatures" that meet for less than five months, Michigan maintains a full-time legislature that paid Bynum roughly $57,000 in 1999, not including a $10,000 expense allowance.

The Bynums also co-own two hardware stores.

Bynum, on her federal financial disclosure statement, estimated that the stores were worth between $500,000 and $1 million.

While Bynum's U.S. House campaign literature touts the small business experience she and her husband amassed running the hardware stores for more than 15 years, it makes no mention of her husband's ties to big government.

Larry Steckleberg, Sen. Bynum's chief of staff, said James Bynum started work at the agri-business association in 1995, the same year his wife took her seat in the Senate.

Before that, the Center learned, James Bynum worked as executive director of the U.S. Consolidated Farm Agency, a regional arm of the U.S. Department of Agriculture in Lansing charged with administering federal farm aid programs.

Additionally, Sen. Bynum's U.S. Congress disclosure form reports that her husband received a "director fee" from the Michigan Retail Hardware Association and the National Retail Hardware Association.

But Sen. Bynum told the Center that her husband resigned from both director positions sometime after she filed the form in May 1999 because "he has got a lot on his plate."

Conflict provisions "pathetic"

Even if Bynum had been required to disclose her husband's position with the agri-business association, there are no ethics statutes in place that would prevent her from voting on legislation benefiting the association or its members.

Michigan's constitution, ratified in 1963, is vague and incomplete in its definition of conflict of interest, addressing only legislators who are involved with entities having contracts with the state and leaving it to the legislature to set its own rules.

According to Senate rules, if a member has an interest in legislation, he or she must disclose the interest in writing to the secretary of the Senate and either refrain from voting or submit a statement explaining the reason for voting.

"There is no ethics law," said Karen Merrill, director of Michigan Common Cause, "it's really pathetic." Merrill told the Center that there is no advisory agency to which legislators can go with questions about potential conflicts of interest.

Gary Gulliver, administrator for the Michigan Law Revision Commission, said that, theoretically, there is a body that could issue opinions on ethics, but that it has never met.

Gulliver's group, which is charged with restructuring the state's ethics laws, ordered an independent study on the subject, which was completed in January 1999. The study's recommendations are being considered, Gulliver said, but none have been adopted.

From Hidden Agendas Report

Michigan tied for last place in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Michigan received one out of a possible 100 points.

Michigan does not require lawmakers to report private financial interests.

Public Service, Personal Gain in Minnesota

by Ken Vogel

Minnesota law prohibits lawmakers from becoming lobbyists but loopholes enable them to come awfully close.

Take Sea David H. Johnson (DFL-Bloomington), a partner in a 51-lawyer Minneapolis firm Johnson, a former lobbyist,
used the flexibility in the state’s disclosure and ethics laws to advance the causes of several groups for which he used to lobby. Many of those groups now pay other members of his firm to lobby the legislature.

Johnson last session wrote bills expanding police and firefighter pensions, and restructuring the way in which the county he represents distributes court fees. All the while, lawyers from Johnson’s firm represented and lobbied for groups that could be affected by the new laws.

Best & Flanagan, which Johnson listed as his only source of income outside of his legislative salary, employs lawyers who are registered to lobby the legislature on behalf of various police and firefighter unions and advocacy groups, as well as the board of commissioners of the county in which Johnson’s district is located.

Johnson sponsored a bill settling a tug-of-war between Hennepin County District Court, which serves the state's largest county, and its component municipalities over fees collected by the court. The bill allocated 80 percent of fees from out-of-court citation settlements to the municipality where the violation was committed, with the remaining 20 percent going to the district court. Kenneth P. Backhus, the Senate analyst who drafted the bill for Johnson, estimated the new formula would increase the county court’s share of court fees.

The bill went to the Crime Prevention Committee, of which Johnson is vice chair. The committee combined it with another bill that the Governor signed into law March 23.

While Johnson's bill helped his constituents in Hennepin County, where his district is, it also helped the Hennepin County District Court. Meanwhile, the Hennepin County Board of Commissioners retains legal services from Best & Flanagan and pays two of the firm’s lawyers to do its lobbying.

Johnson told the Center for Public Integrity that his work on the bill was not a conflict of interest because the Hennepin County District Court is separate from the rest of the Hennepin County. Thus, the Hennepin County Board of Commissioners would have no say in allocating the additional money, Johnson said.

To protect and serve ... some more than others

Johnson, a freshman who is up for re-election in 2000, told the Center that as recently as two years before he was elected, he "lobbied [the legislature] for police and fire pension funds." He sponsored or co-sponsored several other bills that likely curried favor with his former clients, who now retain services from lawyers in his firm.

One bill extended retirement health benefits to the spouses of police or firefighters killed in the line of duty. Two others would help police or firefighters previously enrolled in locally run relief association retirement plans switch to the state-run Public Employees Retirement Association (PERA).

While Johnson acknowledged that Best & Flanagan lawyers lobby for police and firefighter relief associations — including the Minneapolis Police Relief Association, Fairmount Police Relief Association, and the Minneapolis Firefighter Relief Association — he said his firm does not represent PERA. He asserted that it was not a conflict of interest for him to work on bills that could help members of the various relief associations his firm represents gain entry into PERA because "once they're in the state plan, no longer does our firm or anybody else that I know do any work on anything related to it."

No vote, no sweat

Johnson — whose areas of legal expertise are listed as pension plans law, public sector law, and public sector labor relations — said he takes potential conflicts "very seriously:"

"When I was first elected, I specifically requested not to be put on Governmental Operations or the Legislative Commission on Pensions and Retirement, which do most of the legislating on public pensions," Johnson said. He added he regularly invokes Senate Rule 22, which allows him to abstain from floor votes "when I think there might be a conflict:"

"I don't represent [his firm's clients] here [in the legislature]. I don't vote on their stuff. I don't carry their legislation. I've done what I think is required and what I feel comfortable with, in the sense that I made the point of not going on the committees [that handle pension legislation] and not voting on the bills that have any impact whatsoever that I can determine on those clients."
According to Jeff Sigurdson, assistant executive director of the state's Campaign Finance and Public Disclosure Board, not voting is enough. Sigurdson told the Center legislators can be partners in firms that employ lobbyists and can even propose legislation to help the entities for which their partners lobby, as long as they don't vote on that legislation.

In cases where lawmakers do vote on a matter in which they are conflicted, the Campaign Finance and Public Disclosure Board provides a "Potential Conflict of Interest Notice" for legislators to fill out "prior to taking an action or making a decision that would substantially affect the official’s business or those of an associated business."

Sigurdson said Johnson has yet to file such a notice.

**Insufficient information**

Short of his filing such a notice, Johnson's constituents have little way to learn of the overlap between their state senator's law-making record and his outside employment; Minnesota does not require lawmakers to disclose any information about their clients.

While Minnesota pays its legislators an annual salary of $31,140.90 with a $56 per diem, the legislature is in session for less than half the year — from January 5 to May 17. Sigurdson said most lawmakers take advantage of the downtime to maintain other careers, estimating that more than 90 percent of Minnesota state legislators hold other jobs.

Johnson said he makes twice as much from Best & Flanagan as he does from the legislature.

**From Hidden Agendas Report**

Minnesota ranked 35th in the nation for making basic information on state legislators' private income, assets, and conflicts of Interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Minnesota received 48.5 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Minnesota's "Original Statement of Economic Interest for Candidates for Elective Office" requires all of the above be disclosed, except client and family name information.

Minnesota is one of 28 states that do not require lawmakers to disclose employment income and investments for all members of their households.

Minnesota is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

**Public Service, Personal Gain in Mississippi**

by John Dunbar

The Associated General Contractors of Mississippi is an influential lobbying group that works hard to take care of its members.

The association tells its 500-plus members, who include some of the state's leading general contractors, that one of the benefits of joining is the group's continuing efforts to encourage taxpayer-funded government construction projects.

"AGC's pursuit of government construction program funds is effective in delivering a multi-million dollar construction market," the association's recruitment pitch reads.

It speaks of "one-on-one contact with elected representatives and strong ties with the Legislature."

**Strong ties to industry**

One of those strong ties is attached to Rep. Daniel Guice (R-Ocean Springs). The Ocean Springs lawmaker has sponsored numerous pieces of legislation supported by the contractors group.

Guice is employed as Gulf Coast director for the association. He has sponsored bills that would allocate millions of dollars for government construction projects.

For example, in 1997, with Rep. Charlie Williams, Guice sponsored a bill that would authorize $15 million worth of general obligation bonds for new construction and renovations at the state penitentiary.

In 1998, he wrote a bill that would increase from $1 million to $11 million the amount of general obligation bonds to provide funds for construction of children's museums in the state. In 1999, he wrote a similar measure.

Guice admits to sponsoring legislation put up by the industry, but denies he needed to be persuaded to push for public construction projects.

"That helps everybody," he said.
A competing and much larger trade organization in the state than AGC benefits from those projects as well, he said.

Guice, a former justice of the peace and parole officer, got the job in 1987, three years after he was elected to the state legislature, according to a review of his financial disclosure forms.

The representative has sponsored many other bills supported by the contractors association and its lobbyist, Perry Nations, who is also the organization's executive director and Guice's boss.

"It does benefit us"

Nations, who has been with the association for 25 years, said Guice's position in the legislature had nothing to do with his hiring.

"It does benefit us to have him in the legislature although I'll have to preface [that by] saying if Danny were not in the legislature, he would still be working for us running the Gulf Coast office," Nations said.

Nations said he has never pressured Guice to push legislation related to bonding public construction, but he is straightforward about how much Guice has helped the contractors organization's legislative agenda — even proposing legislation requested by the construction industry.

"Yes, he's authored several bills that the industry has come up with," he said. "(If) we have a bill that everyone's in agreement on, he'd take the ideas and have it drafted for us and introduce it for us."

Nations recognizes the apparent conflict, but justifies it considering Mississippi has a part-time legislature.

"Is it a conflict of interest? I don't really know," he said. "I don't think it's any more a conflict than having lawyers make laws and make a living off them for the rest of the year."

Nations said he does not lobby his employee.

"I don't ever ask him to help me with other legislators. I've been around too long. I do let Danny get some things drafted for me and introduce them, but as far as actually lobbying him, no."

"Negatory"

When asked if Guice gets special compensation if an industry-supported bill makes it into law, Nations answered "negatory."

One of the more recent bills Guice sponsored was a measure to double licensing fees for contractors and use the proceeds for training workers. It was in response to a shortage of trained workers to deal with the state's booming construction market.

Guice said he does not sponsor legislation to benefit his employer. "I do (sponsor legislation) for the construction consortium," he said. "Not for AGC specifically."

"There are people in the farming business that introduce things for farmers all the time. If I were to introduce something strictly for AGC, there is no question that would be a conflict of interest and I wouldn't do that," Guice said. "If I were to introduce something for an entire industry, then it's not a conflict."

He added he has been on the opposite side of issues from his employer — like his opposition to the so-called tort reform movement and support of workers with asbestosis.

The representative said his loyalty is to his district first, and his employer is aware of that.

No secret

Guice's employment raises a broad question. He is not alone among legislators who work for an industry advocacy group.

Dick Johnson, chairman of Common Cause of Mississippi, while not aware of Guice specifically, found the lawmaker's position "bothersome" when informed of it.

"That sure would be troubling for us," he said. "In the past there's been instances where that has shown up. And the response is, 'if you get rid of everybody who has an interest, then nobody will run for anything.'"
From Hidden Agendas Report

Mississippi ranked 28th in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Mississippi received 55.5 out of a possible 100 points.

The Center examined what it termed “basic,” or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Mississippi’s “Statement of Economic Interest” requires all of the above be disclosed, except real-property, client and family name information.

Mississippi is one of seven states with financial disclosure systems in place which do not have penalties for late filings written into their statute.

Mississippi is one of 18 states that do not require lawmakers to disclose their real property holdings.

Mississippi is one of 26 states that do not require lawmakers to disclose their dependents’ employment information. It is one of 24 states that do not require lawmakers to disclose investments held in their dependents’ names.

Mississippi is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers’ economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

Public Service, Personal Gain in Missouri

by Ken Vogei

Sen. Joseph E. Maxwell (D-Mexico) knows a telecommunications deregulation bill he sponsored in 1996 helped clients of the law and lobbying firm for which his wife then worked. But he steadfastly asserts the bill benefited his constituents, not his wife.

From 1990 to 1999, Maxwell’s wife, Sarah J. Maxwell, worked as an associate for Brydon, Swarengen & England, a 16-lawyer firm in the state capitol of Jefferson City. The firm represents at least seven small telephone companies; one of its founding partners, William R. England III, is registered to lobby the legislature for the Small Telephone Company Group, which represents most of the state’s small telephone companies before the legislature and the rate-setting Missouri Public Service Commission.

The Small Telephone Company Group also represents the state’s telephone cooperatives, service providers owned and run by their customers. Unlike commercial telephone companies, cooperatives have the advantage of not being subject to rate regulation by the Public Service Commission. The cooperatives, many of which also employed the legal counsel of Brydon, Swarengen & England, were set to lose that freedom in September 1996 as deregulation threatened to make all companies in the open market place beholden to the state’s rate regulation.

The deregulation of telecommunication service became one of the hottest issues facing state legislatures across the country when President Clinton in February 1996 signed the Federal Telecommunications Act. The act opened telecommunications markets across the nation to competition, but Congress left the job of establishing the framework for such a free market to the individual states.

Cooperate for the good of constituents, not spouses

England told the Center for Public Integrity that, while the cooperatives and other small telephone companies represented by his firm stood to benefit from open competition, they could also suffer if their rates were regulated like those of larger providers.

Maxwell intervened on behalf of the state’s cooperatives when he proposed a bill that continued indefinitely the cooperative’s exemption from the authority of the Public Service Commission.

The Small Telephone Company Group supported the bill, England told the Center, because it was one of only a few deregulation bills proposed that benefited his clients.

Maxwell had a chance to shape all deregulation legislation, though, because he sat on the Commerce and Environment Committee, which was charged with overseeing all deregulation legislation. His committee passed the cooperative exemption bill and the Governor signed it into law May 7, 1996.

Maxwell said the bill was good for cooperative customers, a group he said included his own grandmother.

"I'm glad to have handled it," he said of the bill.

No financial benefit

Maxwell acknowledged that the bill helped clients of his wife’s firm. But he pointed out that the situation did not pose a
conflict because his wife was not a partner of the firm and, as such, earned a set salary independent from the firm's profits. Sarah Maxwell practiced mostly employment and benefit law for Brydon, Swearengren & England, her husband said, and did not represent any telecommunications clients.

Maxwell said he never recused himself because of the clients employing his wife's firm to lobby, including a one-year stint when he said she was registered to lobby the legislature.

Missouri ethics laws prohibit an elected official from acting "on any matter that is so specifically designed so as to provide a special monetary benefit to such official or his spouse or dependent children" or any "business with which he is associated." But the law defines being "associated" with a business as owning part of it, being an officer or director.

Joe Carroll, director of campaign finance for the Missouri Ethics Commission, told the Center that the state's conflict of interest provisions do not address situations in which lawmakers or their spouses work for law firms that lobby the legislature.

Still, Maxwell acknowledged he and his wife were concerned about the possibility that their jobs could be perceived as overlapping, especially after Maxwell announced in April 1999 his intention to run for Lieutenant Governor in 2000. In 1999, Sarah Maxwell quit the firm and took a job as executive director of a quasi-governmental county employee retirement fund.

"One of the reasons she wanted to [switch jobs] is because it just kind of cleans that up — we don't have to worry about that. And running statewide, there's a lot more scrutiny," Maxwell explained. "Perception is a very powerful thing and we've got to keep the trust between the people and the elected officials."

Don't show me your clients

The Ethics Commission's Carroll said that, because the legislature meets for less than five months a year, most lawmakers maintain outside jobs, despite earning a $29,000 salary from their legislative service. The Center found that 18 Show Me State legislators in 1998 had ties to outside interests involving the practice of law.

Maxwell is the managing partner of a three-lawyer Mexico, Mo., firm with annual billings between $500,000 and $1 million. He estimated he earns less than 40 percent of his total income from his legal practice and stressed that he avoids representing individuals or entities that lobby the legislature.

Maxwell said he was "very sensitive" about potential conflicts of interest, "even though there are a lot of attorneys [in the legislature] whose firms represent individuals [with business before the legislature]."

Maxwell's constituents need never have been made aware of the clients represented by his or his wife's firms, however, because Missouri is one of 30 states that do not require its lawmakers to divulge any information about their own clients or clients of their immediate family members.

"From Hidden Agendas Report"

Missouri ranked 15th in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Missouri received 76.5 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Missouri's "Personal Financial Disclosure Statement" requires all of the above be disclosed, except client information.

Missouri is one of only 22 states that require lawmakers to disclose employment income and investments for all members of their households.

Missouri is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.
Public Service, Personal Gain in Montana

by Ken Vogei

The state of Montana is often thought of as a refuge for those seeking to escape the highly automated, overdeveloped urban areas in which nearly 80 percent of U.S. residents live.

But the same abundant natural resources, vast undeveloped spaces, and lack of government drawing new residents to the western portion of the state in record numbers have left Montana largely unprepared to deal with the subsequent real estate boom.

While local, county, and state government have struggled to strengthen what many critics say are vague and incomplete zoning regulations, real estate agents and developers have cashed in, taking full advantage of the booming housing market.

Development "out of hand"

Critics say more regulation of the realty business is necessary to alleviate the problems caused by irresponsible growth. But a group of legislators with ties to the real estate industry have used their elected posts to maintain the status quo.

"Growth is out of hand," Anne Hedges, Montana Environmental Information Center program director, told the Center for Public Integrity. Hedges said irresponsible development has reached crisis levels in Montana, causing groundwater pollution, air quality problems, a loss of productive farmland, and stretched public services.

Ravalli County epitomizes the plight of the western portion of the state. County Commissioner Alan Thompson told the Center Ravalli has grown so fast — its population increased 40 percent in the 1990s — that "we are always behind" in supplying essential services like new road construction, increased police protection, and juvenile services.

While Thompson said the population explosion "has been wonderful for [developers and real estate agents]," it has not helped the county that two of its representatives in the legislature are real estate agents. One of the legislators, a representative, proposed a bill that the state Department of Commerce predicted would create thousands of new, unregulated parcels of land. The other, a senator, sponsored a bill that freed real estate brokers from the obligation of informing home buyers if a convicted sex offender lived in their new neighborhood.

Sen. Dale E. Berry (R-Hamilton), the sponsor of the sex offender bill, makes most of his money from his real estate firm. While he acknowledged that the Megan’s Law bill could affect him, he denied that sponsoring it was a conflict of interest.

As a real estate agent, Berry personifies the blossoming real estate market in his district, the Bitterroot Valley section of Ravalli County. The real estate firm Berry owns, Greater Montana Land Company, began in the county seat of Hamilton and opened two additional offices in the central part of the state when the market took off. Greater Montana Land Company now employs eight and is valued at between $500,000 and $1 million.

Berry told the Center he got his start in politics through real estate, when the governor appointed him to serve on the Montana State Board of Realty Regulation, the body charged with licensing real estate agents, which paid him an annual meeting stipend and an expense allowance.

The 1996 Bitterroot Valley Realtor of the Year, Berry was elected to the House of Representatives in 1998, only to be appointed to the Senate two months later. He stepped down from the Board of Realty Regulation but maintained his membership in various real estate trade groups.

Berry told the Center that the Montana Association of Realtors, on whose board of directors he once sat, asked him to sponsor the bill exempting real estate agents from informing clients of sex offenders in the neighborhood. The bill does require real estate agents to divulge sex offender information if it is known to them, but it shifts the onus for gathering and maintaining such information to law enforcement agencies.

"People in a particular industry will carry bills for someone because they are more apprised of the situation [in the particular industry]," Berry explained.

He admitted that "on the surface [the bill] looks bad," but said that it actually helps parents looking to purchase a home by telling them where they can get information on any sex offenders in the neighborhood.

Meanwhile, the representative from part of Berry’s district, Rep. Cliff Trexler (R-Hamilton), is also a real estate agent and has proposed legislation pushed by the realty industry.

Trexler owns Montana Gold Realty, a 25-year-old firm specializing in bare land and residential real estate in the Bitteroot Valley. Montana Gold’s Web site advertises Trexler’s position in the legislature - which he held for two terms before stepping down in 1998, only to be appointed in January 1999. The site also asserts that the firm is well-versed in boundaries.

Bill would wreak havoc

One would hope Trexler is well-versed in boundaries, considering that he proposed a 1999 bill that would have used a
semantic loophole in the Montana Subdivision and Platting Act to allow the splitting of tracts of land into component parcels, which could then be sold as separate tracts.

The Department of Commerce opposed the bill, predicting it would "instantly create thousands of parcels of land throughout the state ... that would be exempt from local review" and would force "excessive expenditure of public funds in order to provide water, drainage, access, transportation, and other public services."

The Department of Revenue likewise testified in opposition to Trexler's bill, asserting it would wreak havoc on its assessment techniques and records.

Trexler defended the bill, which he said was drafted by the Montana Association of Realtors, explaining its intention was to help property owners by providing them more options for their land.

Trexler, who said he has served at various times on the boards of directors of realty trade associations, admitted that "in a few cases [the bill] might have had an effect on the residential real estate market," but he denied any conflict of interest.

Ravalli County Commissioner Thompson acknowledged that "there was talk that [Trexler] put [the bill] forward strictly to benefit himself and that "to a certain degree" the bill probably would have benefited Trexler. But Hedges said the bill died after a 10-10 tie vote in the House Natural Resources Committee.

Real estate interests well represented

The support for Trexler's bill came from other lawmakers who may have had a special interest in seeing tracts divided into separate parcels. Hedges said Rep. Cindy E. Younkin (R-Bozeman) was among the 10 lawmakers who voted in favor of Trexler's bill. Younkin, the committee vice-chair, is a partner in a nine-lawyer Bozeman-based law firm that specializes in real estate.

Hedges said that Rep. Rodney D. Bitney (R-Kalispell) also voted 'yes' on Trexler's bill. Bitney, who represents a portion of the fast growing Flathead Valley, holds an interest in Village Greens Property real estate firm, which has two locations in Flathead County.

Hedges said Younkin and Bitney are opponents of land-use regulation and have consistently voted on the side of deregulating.

Trexler told the Center that another bill he sponsored, which would have allowed landowners in subdivisions to divide off a parcel of their lot for a family member without any subdivision review, was written by an association of surveyors. Critics said that bill could double the number of lots in many existing subdivisions.

Bitney proposed a bill of his own in 1999 that would have saved planned community developers money by reducing the taxable value of land approved and subdivided for the purposes of constructing such a community. The bill died in committee.

Another Flathead County lawmaker-real estate agent, freshman Rep. Stanley M. Fisher (R-Big Fork), proposed an unsuccessful 1999 bill that would "provide for public sale of surplus state land." Fisher reported that he owns S.M. Fisher Real Estate.

Disclosure negates conflicts

Trexler is quick to point out that Montana legislators need to work outside the legislature to make ends meet; the legislature is a part-time job, meeting for three-and-a-half months every two years and paying less than $60 a day plus expenses while in session.

He said that Montana's "citizen legislature" is structured to allow for and even encourage lawmakers with experience in a given field to deal with legislation affecting that field.

Conflicts are avoided, Trexler said, through disclosure of outside interests.

"Everybody knows what you do," Trexler said of his own and his peers' outside jobs.
From Hidden Agendas Report

Montana ranked 36th in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Montana, along with Nebraska and Oklahoma, received 48 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Montana's "Business Disclosure Statement" requires all of the above be disclosed, except client and family name information.

Montana is one of 28 states that do not require lawmakers to disclose employment income and investments for all members of their households.

Montana is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

Public Service, Personal Gain in Nebraska

by John Dunbar

During the 1999 legislative session in Nebraska, Sen. Stan Schellpeper of Stanton sponsored a controversial bill to change the way funds from state lottery sales would be distributed.

The legislation would enable the state to increase prizes for winners, as well as increase commissions for retailers who sell the tickets. Those increases would come from funds dedicated to improving education, the environment and compulsive gambling programs.

The bill, supported by lottery retailers and the company that manufactures lottery machines, was promoted as a way to get people to buy more tickets, thus creating a larger pot of money for the state. Proponents said in the end the legislation would increase, not decrease, funding for education and the environment.

Programs would suffer

Opponents didn't see it that way. The increased payouts and commissions would reduce funding dedicated to education and the environment from 25 cents on every dollar to 15 cents on every dollar, they said.

One thing was certain amidst the conflicting projections: Retailers who sell lottery tickets would benefit by receiving at least 6 cents on the dollar for every ticket sold, up from 5 cents, a 20 percent increase.


As the senators fought to get the bill passed, little was said about a personal interest each man had in its success. Baker and Janssen both own stores that sell lottery tickets.

"Not a whole lot" was said, according to environmental lobbyist Randy Moody.

"There was privately, of course. It was an unspoken thing." Baker, according to his 1998 financial disclosure form, is treasurer and shareholder in Trails West Convenience Store and Truck Stop. Janssen, according to his form, is owner of City Meat Market.

Conflict of interest form

In addition to their annual financial disclosure statements, both men filed "potential conflict of interest" forms, as required by law in Nebraska. The forms require lawmakers to state if a particular piece of legislation they plan to vote on might constitute a conflict of interest.

It also asks, if the lawmaker intends to vote on the legislation despite the conflict, why he or she is participating.

Baker wrote he supported the bill because it would "...maximize the potential return for environmental and education purposes in Nebraska. The state lottery is designed to raise money for these purposes. It has a very minor impact on my private interests."

Was Baker known for having a strong environmental record?

"No," said Moody. "And in fact, the impact as we attempted to tell him, the impact would have been just the opposite. We felt it had a negative impact."

Janssen wrote "The amount realized for me personally would not be significant," on his form, in explaining why he intended to vote on the issue.
Also questioning the bill was Jerry Bauer kemper of the Nebraska Council on Compulsive Gambling, which could lose funding if it passed. He was unconvinced of the argument put forth by the senators.

**Motive questioned**

“There’s a question as to whether or not what they were trying to sell was true,” he said. “They were saying that lottery retailers weren’t getting enough money, that it wasn’t covering their costs. But there is no evidence they had stopped selling them (tickets).

“There was a lot of opposition to that one. It doesn’t make any sense that they would increase the retailers’ share,” he added.

While the law requires lawmakers to disclose potential conflicts, it places no restrictions on whether they may vote. Senators file potential conflict of interest forms each year. Some abstain from voting on issues. Some don’t.

Moody, the environmental lobbyist, doesn’t mince words when asked why the two senators pursued the bill so vigorously.

"I think it's fairly obvious that their own interest would have been enhanced if in fact the bill would have passed,” he said.

The bill never made it into law. A coalition of senators who oppose gambling joined forces to kill it. But it returned in the 2000 session, again sponsored by Baker and Janssen.

The bill was accompanied by a fiscal impact statement. It was estimated the change would reduce the lottery beneficiary funds by $7 million each year. For the Compulsive Gamblers Fund, it would have been an estimated reduction of $66,000 on a $430,000 budget for next year.

**Would close hotline**

"A $66,000 cut in our budget would close it,” said Bauer kemper of his organization’s gambling hotline. "We would not be able to answer the phones 24 hours a day. We would just close our agency and there would be no help line."

Lynne McNally, counsel for the Committee on General Affairs, which deals with issues related to the lottery, said Janssen introduced the bill because of his position as committee chairman.

"If he eliminated himself from every lottery bill, it would take away his jurisdiction as chairman of the General Affairs Committee,” she said. McNally said the lottery retailers are actually losing money on the sale of lottery tickets. There is no evidence that retailers are taking the machines out of their stores, but that’s because they are afraid customers will go to stores that do sell tickets, she said.

McNally was puzzled why this would be a conflict of interest. "I guess I don’t understand your angle,” she told the Center for Public Integrity.

She added three corn growers are pushing legislation that would affect ethanol, and asked why the Center was not calling those lawmakers. She declined to name them.

Baker could not be reached. He did not respond to an email with detailed questions.

The Center examined what it termed “basic,” or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Nebraska’s “Statement of Financial Interests, NADC Form C-1” requires all of the above except be disclosed except client and family name information. Lawmakers in Nebraska have to provide a complete financial accounting the first time they are elected, and from that point on they report only changes which have occurred.
Nebraska is one of 28 states that do not require lawmakers to disclose employment income and investments for all members of their households.

Nebraska is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

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Public Service, Personal Gain in Nevada

by Ken Vogel

Mark A. James does not have to set foot in a casino to benefit from gambling.

The 17-lawyer Las Vegas firm James founded and holds an ownership interest in represents at least four companies involved in gaming.

The gaming industry helped James ascend to the Nevada State Senate, where he has served since 1993, by making him one of the top recipients of industry contributions. In 1994, according to the Progressive Leadership Alliance of Nevada (PLAN), gaming interests contributed $35,000 to James' reelection campaign. But that sum seems like a bargain given what he did for them after being reelected.

The Judiciary Committee James (R-Las Vegas) chairs in 1997 passed a bill that allowed casinos to write off as tax-deductible any winnings by gamblers using complimentary promotional tokens. The tokens are commonly handed out to casino patrons to entice them to gamble. While such "freebie" tokens cannot be cashed in for money, they can be used to place bets and win money.

It was estimated that the bill would save casinos between $2 million and $2.5 million annually.

James sponsored another 1997 bill banning construction of "neighborhood casinos" — a controversial concept that permitted casinos in residential neighborhoods — but allowed them in master-planned communities meeting certain criteria.

The plans for one such community called Summerlin — which called for 20,250 homes, five golf courses, 5.8 million square feet of commercial space, and two casinos on 8,300 acres of land — met the criteria laid out in James' bill.

The developer and operator of Summerlin was Howard Hughes Corp., Southern Nevada's most prominent real estate developer and the largest private landowner in the state. The company, which traces its origins to the estate of the eccentric billionaire of the same name, retains legal services from James' firm.

"I don't have any gaming interests that affect my vote whatsoever," James told the Center for Public Integrity when questioned about the complimentary chip tax write-off and neighborhood casino bills. He said his firm does not practice gaming law and that he did disclose his ties to Howard Hughes Corp. before voting on the bill that allowed the company to have neighborhood casinos in its master planned communities.

Attorney-client privilege trumps disclosure

James did not report his affiliations with either Howard Hughes Corp., or the casinos represented by his firm, because Nevada's disclosure laws make listing client information optional.

The state's mandatory statement of financial disclosure reads: "Disclose each source of your income or that of any member of your household. No listing of individual clients or patients is required, but if that is the case, a general source such as 'professional services' must be disclosed."

Thus, James did not report that his firm, James, Driggs, Walch, Santoro, Kearney, Johnson & Thompson, represents Alexis Park Resort Hotel, Primadonna Resorts, Inc., Santa Fe Gaming Corp., as well as Howard Hughes Corp.

But the Center found that James was not the only lawyer in Nevada's 63-member legislature with undisclosed casino clients.

Tie goes to the House (and the Senate)

At least four other Nevada legislators are practicing members of law firms that represent multiple casinos. Jan Gilbert, PLAN's lobbyist in Carson City, said that law firms hire lawmakers in the hopes of attracting or keeping big money gambling clients who see a lawyer-lawmaker as a sympathetic ear in the statehouse.

Sen. Mark E. Amodei (R-Carson City), a lawyer who voted in favor of both the complimentary chip write-off and the neighborhood casino bills, said he maintains autonomy from gaming even though the 15-lawyer firm in which he is a partner represents at least four Carson City casinos.

Amodei said the casinos his firm represents - Carson Nugget, David Walleys Resort, Carson Station Hotel and Casino, and Pinion Plaza - are "small potatoes" compared to Las Vegas casinos, and that they would not benefit from either bill.

Senate Majority Leader William J. Raggio (R-Reno) is a partner in a 12-lawyer firm that does gaming law for several large
gaming-related companies that would have benefited from the bills.

Raggio, a long-time proponent of gambling who has served consecutively since 1972, did not vote on either bill. According to a prominent legal directory, Raggio’s Reno-based firm, Jones Vargas, represents three gaming-related companies that also retain services from James’ firm—Primadonna Resorts, Inc., Santa Fe Gaming Corp., and Howard Hughes Corp—as well as at least another 20 gaming companies.

Gilbert called Raggio’s firm, which maintains a Las Vegas office in the same building as James’ firm, “the law firm” in Nevada.

Raggio, who once earned income from positions on the boards of Santa Fe Gaming Corp. and the Las Vegas Sands, told the Center that Nevada lawmakers with ties to gaming “bend over backward on a lot of [bills] to make sure there isn’t the perception of a conflict.”

Sen. Terry J. Care (D-Las Vegas), a freshman legislator whose five-member law firm represents three casino large companies, told the Center that he voted on gaming bills because the legislation would not affect casinos he represented more than it would other casinos.

For example, Care pointed to a 1999 assembly bill that helped resolve an ongoing dispute between International Gaming Technologies (IGT), Nevada’s largest casino games manufacturer, and the Nevada Resort Association, an influential casino lobby.

Care acknowledged that the bill would affect his firm’s casino clients—Mirage Resorts, Rio Hotel and Casino, and Hilton Gaming Corporation—but he joined Amodei and James in voting on the bill because he said the “legislation did not affect any one of my clients any more than it affected any other [casino]. It affected them all the same.”

Care was quick to add that if his firm had represented IGT, he would not have voted.

That did not stop freshman Rep. Gregory A. Brower (R-Reno) from voting on the measure. At the time of the vote, Brower worked for a 13-lawyer firm that represented IGT and at least eight other gaming-related companies. Brower both sat on the assembly judiciary committee that proposed the bill and voted without disclosing that one of his firm’s clients would be among the most affected by the legislation.

Brower acknowledged that IGT is “the biggest [casino game] manufacturer” and was affected by the legislation, but he said he “never represented IGT in any gaming matters.”

"I never thought and to this day don't think I had any personal conflict at all with that bill," Brower said of the so-called “IGT bill.”

Gilbert called Brower an “up and comer” and speculated that "they're grooming him take over for Raggio."

Soon after the conclusion of the 1999 session, in November 1999, the Senate Majority Leader’s law firm, Jones Vargas, hired Brower as an associate.

Brower said he would have to re-evaluate whether to vote on gaming legislation now that he works for Jones Vargas which "does represent gaming properties in gaming matters."

Potentials for Conflict: A Snapshot

Of Nevada lawmakers in office in 1999, reported personal financial disclosures in 1999:

- 6% sat on legislative committees that regulated their professional or business interests
- 10% had financial ties to businesses or organizations that lobby state government
- 20% received income from a government agency other than the state legislature

Note: Because information filed in 1999 was for the calendar year 1998, the Center focused on the 50 Nevada lawmakers who had received at least $500 in income from businesses or government agencies during that year to determine whether there was a conflict of interest. The Center did not determine a potential for conflict in each case.

"Put up or shut up"

Raggio, who currently lists "gaming law" among his areas of legal expertise, abstained from voting on the IGT bill, but Paul Brown, PLAN director, told the Center that Raggio votes when he needs a ‘yes’ vote. According to Brown, Raggio makes his power and opinions known in other ways, like using his status as majority leader to shape discourse on legislation.

The Las Vegas Review-Journal reported Raggio considered taking action to censure outspoken gaming opponent Sen. Joe Neal (D-North Las Vegas) when Neal took the floor in June 1997 to rally support for an amendment that would have increased the state’s gaming tax 2 percent. Neal accused unnamed legislators of being in the pocket of gaming.

"Put up or shut up,” the Review-Journal reported Raggio told Neal. The amendment failed and Nevada’s gaming tax, which has not budged since before 1990, remained the lowest in the country.

Neal proposed another gaming tax hike bill in 1999, citing statewide university polls showing that since 1990 between
63 percent and 71 percent of Nevadans supported increasing the tax rates paid by casinos. But that bill died as well.

According to William R. Eadington, director of the Institute for the Study of Gambling and Commercial Gaming, the more than 100 casinos in Las Vegas alone generated $6 billion in gaming revenues in 1998. Contrast that to the $130 Nevada lawmakers earn daily for 60 days of legislative service every two years and Brown said it becomes clear who runs the legislature.

"What they've done is they've bought the candidates," Brown said of the gaming industry's ability to shape legislation through financial links with legislators.

The election after James ushered into law the complimentary chip tax write-off and neighborhood casino bills, he saw his campaign contributions from the gaming industry increase by roughly $14,000 to nearly $49,000, making him the top recipient of gaming money in 1998, according to PLAN. Amodei ranked ninth at roughly $15,000, while Care ranked tenth, pulling in nearly $11,000 from gaming.

**From Hidden Agendas Report**

Nevada ranked 27th in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public. The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Nevada received 56.5 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Nevada's "Statement of Financial Disclosure" requires all of the above except for officer/director, client and family name information.

While Nevada requires lawmakers to report officer/director positions, because of the question's wording, it is impossible to distinguish if lawmakers are officers or directors of an entity or have investment holdings in the entity reported.

Nevada is one of 22 states that require lawmakers to disclose employment income and investments for all members of their households.

Nevada is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

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Public Service, Personal Gain in New Hampshire

by Alex Knott

Rep. Mary Jane Wallner (D-Concord) has spent much of her 20-year career with the New Hampshire legislature writing and sponsoring bills aimed at increasing financial support for children's daycare organizations. But many of the bills she advocated could have also increased funding for the two non-profit organizations she runs.

Wallner, who is executive director for the Blueberry Express Day Care Center in Pittsfield and two locations of the Merrimack Valley Day Care Service in Concord, says she started her career in child care as a teacher in 1971.

Today she manages three childcare facilities that collectively serve 175 children a day between the ages of 3 months and 10 years old. Many of those children are part of working families with have parents who can't afford other childcare. All three are affiliated with United Way.

"It's a full-day childcare service providing care for kids while their parents are working," Wallner said. "A lot of the families are of low-to-moderate incomes."

Wallner says her industry has been plagued with a lack of funds, which has led her to openly advocate increasing appropriations for the childcare facilities in New Hampshire, like those where she is employed.

"My intention is to continue working on all children's issues for the rest of my life," she said. "I always tell people I am in the field and I think that most people can see that my legislation isn't specific for the place I work but for all childcare organizations in the state."

**Babysitting bills**

In 1998, Wallner sponsored a bill to start a loan program to help finance child daycare facilities; she asked for a $1,200,000 appropriation to fund the project. The bill was later stripped due to lack of support, but ended up transferring approximately $30,000 from another state appropriation to the loan program.

Because the most of the funding in the legislation was removed, a local bank stepped in and sponsored $5 million to the loan fund. The fund, which is still in operation today, has made loan commitments to some of Wallner's places of employment.

"We've made two loan commitments to Merrimack and they have not needed to draw [upon] the money," said Julie McConnell, childcare project director with the New Hampshire community loan fund. "But those loan commitments
helped them to get the money for [other] grants. We have not done any loans for Blueberry Express, though they are eligible."

Wallner says child day care centers in New Hampshire have also had problems attracting and retaining qualified employees. During the past four years she has sponsored bills to provide employees, like those who work for her organization, limited state-funded health care and educational incentives.

Wallner is the primary sponsor of a bill in 2000 to establish a three-year pilot program to provide full-time employees of certain child day care agencies with financial assistance from the state in obtaining health care insurance. If passed, this bill could help fund Wallner's businesses, and would increase state general fund expenditures by $8 million a year, according to the Department of Health and Human Services.

Another bill co-sponsored by Wallner in 1999 sought to establish an incentive program for training childcare workers like those who work for Blueberry Express Day Care Center and Memmack Valley Day Care Service. The bill offers state-funded loans to individuals pursuing college-level courses leading to a degree in early childhood education, but it also permits the forgiveness of those loans for those who work in a state-regulated child care agency at least two years following graduation.

The Department of Health and Human Services stated this bill would increase state expenditures by $375,000 over a two-year period if it passed.

Conflicts over potential conflict

Some of Wallner's colleagues in the House stand divided on whether it is a conflict of interest for her to sponsor bills that could help her business.

Rep. Elizabeth Hager (R-Concord), executive director of the local chapter of the United Way, says she is unsure if it is a conflict of interest for Wallner to advocate and vote on these bills.

"It's a conflict of interest on paper," she said. "But you can't say it's a conflict when you have someone as dedicated as Mary Jane Wallner working for something she believes in.

I suppose it ultimately affects her pocket because her organization does not go out of business, but someone of her skills would be able to get another job somewhere."

While some of Wallner's fellow legislators support her efforts in childcare issues, others have questioned her motivations.

"I can tell you that a lot of eyebrows were raised when she introduced some of these bills," said Rep. Donna Sytek (R-Salem), New Hampshire House speaker. "I don't know whether a complaint was lodged."

Sytek said the state laws concerning conflicts of interest are so lax that legislators can vote on legislation in which they could have a conflict if they disclose it.

"She has never abstained from voting on a day care bill," Sytek said. "I have no idea why no one has complained. It's always struck me as curious when members are introducing bills that deal with their business."

From Hidden Agendas Report

New Hampshire is one of seven states with financial disclosure systems in place which do not have penalties for late filings written into their statute.
system in place that does not require lawmakers to report investments.

New Hampshire is one of only 18 states that do not require lawmakers to disclose their real property holdings.

New Hampshire is one of 28 states that do not require lawmakers to disclose employment income and investments for all members of their households.

New Hampshire is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers’ economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

Public Service, Personal Gain in New Jersey

by Robert Moore

State Sen. Gerald Cardinale (R-Demarest), a northern New Jersey dentist, is no stranger to controversy. He’s been criticized over the years for accepting lavish trips and perquisites from lobbyists. He’s been investigated for shaking down chiropractors for campaign contributions, though he was never charged with a crime.

International trade legislation sponsored by the Senate Commerce Committee chairman in 1994, however, illustrates well how a legislator can use public office and government resources to subtly benefit special interests, just as high office can be used to benefit oneself.

Powerful advantage with government help

With the advent of the North American Free Trade Agreement, plus the recent opening of markets in Eastern Europe and the former Soviet states, New Jersey entrepreneurs were eager for new playing fields.

International marketing consultant Robert Vogel was among those entrepreneurs who saw opportunity in international trade. He turned to Cardinale with an ambitious idea for a company that would help launch other New Jersey businesses into the lucrative world of foreign trade.

State agencies already spent millions doing just what Vogel proposed. Still, he envisioned that with government help, his group could offer a powerful advantage to clients wanting to sell goods and services in the emerging overseas markets.

Cardinale’s New Jersey Trade Development Act provided just the inside track Vogel needed to get his business rolling. The Senate Commerce chairman took a leading role in the international export operation that followed.

Bill sponsor placed on nonprofit board

Among other things, Cardinale’s bill, signed into law by Gov. Christine Whitman in 1995, allowed trade consultants to apply for state certification to help local companies export products.

Under guidelines of the bill, Vogel quickly formed the New Jersey Trade Development Corporation (NJTDC). Cardinale was placed on the board of directors which controls the NJTDC; Vogel began to beat the bushes for $200,000 in start-up costs.

The money flowed in, mostly from major corporations, such as Bell Atlantic and General Public Utility Inc., a regional energy company, Vogel told the Center for Public Integrity. A business lobbying group supplied office space and clerical staff.

For fees of up to $10,000, the state-sanctioned, privately-funded corporation would secure financial backing, then manage virtually every detail to ensure New Jersey firms could get their products to foreign customers. It would seek venture capital, negotiate complex deals, arrange international shipping, and, finally, provide three years close supervision of the export operations.

Government sanctioning under Cardinale’s Trade Development Act gave it an official status that no other private operation possessed at the time. The NJTDC promised clients it would “jumpstart your export operation by giving your company swift, privileged access to buyers, key industry executives and governmental officials overseas.”
Duplicating government services

New Jersey exporters do more than $22 billion in business each year, according to the state commerce department. There is the potential for even greater trade.

But while the NJTDC may benefit those who run the NJTDC and its clients, it could potentially undermine services state taxpayers already pay for. State agencies spend millions of dollars a year assisting New Jersey firms that sell goods and services outside the United States.

The state Economic Development Authority paid $5 million in start-up costs for the Export Finance Co., a separate public-private venture authorized under Cardinale's Trade Development Act.

Cardinale does more than run a successful dentistry business and help guide the NJTDC. His most recent financial disclosure reports contains a lengthy list of rental properties, occupied largely by doctors and commercial businesses, as well as a list of investments belonging to him and his wife.

Nowhere does his role as a board member of the NJTDC surface in the disclosure report.

From Hidden Agendas Report

New Jersey ranked 30th in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. New Jersey received 54 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that New Jersey's "Personal Financial Disclosure Statement" requires three of the above — employment, investment and real property information.

New Jersey requires lawmakers to report real property, but only in cities with gaming licenses.

New Jersey is one of 22 states that require lawmakers to disclose employment income and investments for all members of their households.

New Jersey is one of 11 states that do not require lawmakers to disclose their officer or directorship positions.

New Jersey is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investment.

Public Service, Personal Gain in New Mexico

by Ken Vogel

For years Manny Aragon opposed the privatization of New Mexico's prison system.

Then, just before the start of the 1998 session, the long-time state Senate president pro tem took a tour of a Texas prison's psychiatric program run by Wackenhut Corrections Corporation, Inc. — the very company that he had fought to prevent from gaining a foothold in New Mexico — and suddenly he changed his tune.

Aragon, a Democrat who has represented Albuquerque in the Senate since 1976, sponsored legislation in 1998 that would have allowed the state to purchase two prisons being privately funded and built by the Palm Beach Gardens, Florida-based Wackenhut Corrections Corporation. Under the bill, which breezed through the Aragon-controlled Senate but died in a House committee, the state would not only pay Wackenhut nearly $70 million for the prisons, but would also enter into a contract with Wackenhut to run the prisons.

An epiphany? Maybe.

An economic windfall? Definitely.

Aragon, who reported receiving income in 1998 and 1999 from a law practice and a construction contracting firm, accepted a job as a paid lobbyist for Wackenhut in June 1998. He took the job after one of his business associates received what sources said was a lucrative contract to do the concrete work for the Wackenhut prison in Santa Rosa, one of two the company built in New Mexico.

"And if you know anything about prisons, you know that concrete is what they're made out of," New Mexico Corrections Secretary Robert J. Perry told the Center for Public Integrity.

The concrete contract was awarded to Albuquerque-based Melendez Concrete, a firm whose president, Francisco Melendez, serves as vice president of Asi Es, Inc., according to records on file with the state's Public Regulation Commission. Aragon reported on his financial disclosure statement that he is the president of Asi Es.

Perry said Wackenhut, which operates 55 correctional facili-
ties around the world worth more than $650 million had been in the running to operate New Mexico's prisons since Republican Gov. Gary Johnson took office in 1995 and introduced a controversial plan to privatize the state's prison system.

Ironically it was Aragon, whom Perry calls "the most powerful person in the New Mexico legislature," who led the fight against the proposed privatization.

"I don't think [prison privatization] was ever necessary," said Aragon, who in 1994 attached his name to a Senate resolution calling for construction of a new state prison at Santa Rosa. He told the Center that, had the bill passed, it would have eliminated the need for the state to contract with any company for prison construction or services. Partly because of the Aragon-led opposition, Wackenhut had to build the two prisons on speculation — meaning there was no guarantee the state would purchase or even use the prisons.

But the company proved to be several steps ahead of those who questioned the wisdom of building prisons at Santa Rosa and Hobbs in the face of the Aragon-led opposition.

Aragon, during the 1998 regular 30-day legislative session, proposed the unsuccessful legislation to purchase the prisons and then, during the special session that followed, lobbied to expand the state's existing contract with Wackenhut. Fewer than four months later, Wackenhut announced it had hired Aragon to lobby legislatures in other states.

Wackenhut acknowledged that it hired Aragon because of his connections — not only in New Mexico, where he has been Senate president for 18 of the last 20 years, but also in other states. He is scheduled to become chair of the Council of State Governments, a group consisting of elected officials from all states.

Aragon told the Center his work for the company did nothing to change his stance against privatization, which he said he "fought — tooth and nail — to the end." Additionally, Aragon insisted, his signing on as an "attorney" for the company did not represent a conflict of interest because his work for Wackenhut was done entirely outside the state.

Violated disclosure law

Marcia Mazulis, financial auditor for the New Mexico State Ethics Administration, told the Center that Aragon's Wackenhut job, which he has since resigned, violated no law and, as such, was never subject to investigation, despite a formal request to investigate from Republican Party Chairman John Dendahl to Attorney General Patricia Madrid.

The legislature repealed New Mexico's conflict of interest law in 1992, when conflict provisions were rolled into the state's Financial Disclosure Act, Mazulis told the Center. She added that even if Aragon were lobbying his own legislature on behalf of Wackenhut, he would be within the law.

Mazulis said Aragon's only obligation under the law was to file an amendment reporting any new income on his mandatory financial disclosure statement at the secretary of state's office within 30 days of taking the position.

Aragon admitted to the Center that he had never heard of such a requirement and did not file an amendment.

"I don't know of anyone in the history of the state of New Mexico that has ever filed an amendment [to a financial disclosure statement],” Aragon said.

Mazulis also said she could not think of a case in which a legislator had filed a financial disclosure amendment.

Aragon stepped down from the position in September 1999, but his regular annual disclosure for that year, filed with the secretary of state's office Jan. 31, 2000, shows no record of his ever holding the job.

Even if Aragon did disclose his job with Wackenhut, it would be difficult to determine how much the job affected his finances because New Mexico does not require its lawmakers to indicate how much income they derive from their outside interests — a significant loophole, considering that New Mexico's legislature is part-time and offers no salary beyond a per diem to its members.

Aragon cited the lack of a value range disclosure requirement in refusing to tell the Center how much he earned during his brief stint with Wackenhut.

The Land of Enchantment, according to a recent Center study,
is one 28 states that do not require lawmakers to disclose employment income and investments for all members of their households, a loophole that absolved Senate Minority Leader Billy J. McKibben (R-Hobbs) from reporting Wackenhut had hired his son.

Aragon said he never abstained from voting due to his work for Wackenhut because he never had a conflict.

"The reason I left Wackenhut," Aragon told the Center, "was not because of any appearance of impropriety, but because it was of no benefit to my constituents."

"In bed together?"

There sure were awkward moments, though.

Corrections Secretary Perry told the Center that soon after agreeing to work for Wackenhut, Aragon found himself defending his new employer before the state. After a violence-plagued spring during which four New Mexican inmates were killed in Wackenhut prisons — culminating in an August 1999 riot at a Wackenhut prison in which a guard died — Aragon spearheaded a meeting between state officials and Wackenhut representatives to address the violence.

According to Perry, who was present at the meeting, Aragon’s official role was on behalf of the state. But the longtime senator weighed in on behalf of Wackenhut several times, prompting the head of the state police force to storm out, decrying the lopsided circumstances.

"Look, I don’t know if [Aragon and Wackenhut] are in bed together," Perry told the Center, "but they’re wearing the same color pajamas and the color is green — for money."

While Aragon resigned from Wackenhut soon after the meeting, Perry said the company is in the second year of a renewable three-year deal that will pay $27 million to the state.

Aragon is not the only connected New Mexican under the employ of Wackenhut. McKibben’s son briefly did public relations work for the company; in January 2000, Wackenhut hired as a lobbyist former Rep. Michael Olguin, who had served as House majority leader until losing his bid for re-election in 1998. Olguin, who served for 14 years in the legislature before accepting a position as vice chairman of the New Mexico Democratic Party, had been a critic of Wackenhut.

Another individual registered to lobby the legislature on behalf of Wackenhut is former state Sen. Les Houston, according to the company’s filings with the New Mexico secretary of state’s office.

While many states have “revolving door” provisions similar to the U.S. Congress ethics law that requires a waiting period of one year before former members of Congress can return to lobbying their old institutions, New Mexico does not.

From Hidden Agendas Report

New Mexico ranked 26th in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. New Mexico received 61.5 out of a possible 100 points.

The Center examined what it termed “basic,” or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that New Mexico’s “Financial Disclosure Statement” requires all of the above except client and family name information.

New Mexico lawmakers must report investments, but only if their value exceeds $10,000.

New Mexico is one of 28 states that do not require lawmakers to disclosure employment income and investments for all members of their households.

New Mexico is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers’ economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

Public Service, Personal Gain in New York

by Robert Moore

An estimated one million apartments, cooperatives, condominiums and other dwellings in New York operate under state-mandated rent controls. The vast majority of them are in New York City, but thousands more are spread throughout cities, towns and villages around the state.

So, when state Senate Majority Leader Joseph L. Bruno (R-Brunswick) in 1997 declared all-out war on rent control, millions of New Yorkers took notice.

Bruno called on the legislature to scrap the rent control law and allow rents on three-quarters of regulated units to rise to their full market value. He said that the system as it was stunted the multi-billion dollar housing construction industry by controlling everything from the amount of rent to the
Most New Yorkers may not know the depth of influence the real estate industry has among legislators in Albany.

"Biggest player in New York"

At least 36 of 211 lawmakers who routinely vote on real estate and land-use matters are real estate executives, brokers or salesmen. Dozens more draw rental income from property they own.

Bruno is no different. When he is not earning a $79,500-a-year legislative salary, Bruno is a busy businessman, his 1999 financial disclosure report shows. Aside from a lengthy list of income-producing investments, Bruno makes money from his firm Business Consultants Inc., and from consulting work for the Winthrop Corp., the parent company of Connecticut-based Wright Investors Service securities firm.

In addition, Bruno has a 25 percent stake in First Grafton Corp., a Glen Falls, N.Y., real estate development firm. He owns Mountain View Farms in Troy, where he breeds and raises thoroughbred horses.

"This isn't something that's a surprise," said Erik Joerss, lobbying director for Common Cause of New York. "Real estate is the biggest player in New York. That is what drives everything."

According to the New York Public Officer's Law, no legislator should have "any interest, financial or otherwise, direct or indirect," in a business entity "which is in substantial conflict with the proper discharge of his duties in the public interest."

The language is sufficiently vague that it can hardly stop lawmakers whose primary or secondary source of income is real estate from voting on rent control or other property-related legislation.

Along with Bruno, dozens of lawmakers, including such powerful legislators as Assembly Speaker Sheldon Silver (D-New York City) and Assembly Majority Leader Michael Bragman (D-North Syracuse), are real estate executives.

Favored with contributions

When it comes to government regulation of rents, the lines are clearly drawn: The industry pushes to eliminate controls. The Realtors favor Bruno, with the Real Estate Board Political Action Committee pouring a total of $7,000 into his campaign committee during 1997 and 1998.

With industry backing, Bruno proposed laws ending rent controls in June 1997. What Bruno and real estate interests got was a deal extending the rent-control system until 2003.

The deal brought favorable changes for property owners. Some tenants will pay more each month, despite rent controls. The agreement — called the Rent Regulation Reform Act of 1997 — reduced the amount of money tenants could earn and still have rent-control protections for expensive apartments.

One real estate trade organization called the reforms "the greatest benefits for property owners in the history of rent law negotiations including permanent, realistic vacancy allowances, deposit of rent in court and a strict four-year statute of limitations."

On the other hand, when Senate and Assembly members struck the 1997 deal, at least seven lawmakers lived in rent-controlled apartments. One of those lawmakers, Rep. Edward Sullivan (D-New York City), said there was no conflict of interest in his vote on rent controls. "We voted on taxes, we also pay taxes" like other New Yorkers, he said.

Conflicts questioned

Joseph Strasburg of the Rent Stabilization Association, a large landlord group that favored an end to rent control, still questioned whether the lawmakers faced a conflict of interest in their fight to renew rent protections.

"I wonder if they are not stronger advocates because they themselves ... don't pay fair market (rent) on an apartment," he said at the time.

Dan Margulies, executive director of the landlord group, the Community Housing Improvement Program, which opposes rent controls, said lawmakers who earn a minimum of $79,500-a-year shouldn't live in rent-controlled properties.

In addition, Bruno has a 25 percent stake in First Grafton Corp., a Glen Falls, N.Y., real estate development firm. He owns Mountain View Farms in Troy, where he breeds and raises thoroughbred horses.

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Dan Margulies, executive director of the landlord group, the Community Housing Improvement Program, which opposes rent controls, said lawmakers who earn a minimum of $79,500-a-year shouldn't live in rent-controlled properties.
"One of the reasons that we oppose rent regulation is because people who obviously don’t need assistance benefit unfairly, but I don’t criticize the legislators for taking the same benefits as any other undeserving person," he said.

From Hidden Agendas Report

New York ranked ninth in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. New York received 85 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that New York’s "Annual Statement of Financial Disclosure" requires all of the above except client information.

New York is one of 21 states that require lawmakers to disclose employment income for all members of their households. However, it is also one of 24 states that do not require lawmakers to disclose investments held in dependents’ names.

New York is one of only nine states that allow citizens to differentiate between minor and major sources of lawmakers’ economic interests, because these states require lawmakers to report the value or value range of their employment income and investments.

Public Service, Personal Gain in North Carolina

by John Dunbar

House Minority Leader N. Leo Daughtry (R-Smithfield) is a lawyer, owner of a fertilizer company, shareholder in Carolina Power & Light and owns interests in two tobacco warehouses.

It is perhaps no coincidence then that Daughtry also sits on the Judiciary Committee, the Environment and Natural Resources Committee, the Public Utilities Committee and the Select Committee on the Tobacco Settlement.

Daughtry has backed a tax break for Philip Morris, and pushed for half the state’s $4.6 billion tobacco settlement to go to tobacco-dependent communities to wean farmers off the big cash crop.

Agriculture advocate

He’s also pushed for tax breaks to the state’s farmers. No problem, his supporters say. "Leo makes every effort to do the right thing in every instance. No matter what the cost in financial gain," said Jay Warshaw, communications director for Daughtry’s unsuccessful gubernatorial campaign. "It is confirmed by his voting record. All his fellow legislators can attest."

Despite Daughtry’s agricultural conflicts of interest, he has not excluded himself from the issues — because so many of his constituents are farmers. He has consistently supported using much of the state’s $4.6 billion share of the national tobacco settlement on behalf of farmers.

"There’s a whole generation of family farms that are on the ropes. They’ve taken a 50 percent pay cut in the past three years," Warshaw said. "The fact he has a farming background is why he’s standing up."

Lawmakers argue they pursue committee assignments related to their fields of interest because their knowledge helps make good law. That is certainly the case in North Carolina.

Conflict common

Of 148 legislators who were in office in 1998 (who were required to file disclosure statements in 1999), the Center found that 59 percent sat on committees that directly affected their private income, according to an analysis of the lawmakers’ financial disclosure forms.

One possible reason for so much correlation between committee assignments and lawmaker careers may be that North Carolina has so many committees. Sea Allen Wellons (D-
Smithfield), for example, sits on seven.

Why so many committees? So "everyone can be a committee chairman," Wellons, chairman of the Senate Insurance Committee, said jokingly.

Wellons is a lawyer/farmer who owns stock in Exxon Corp., Occidental Petroleum Corp. and Waste Management Inc. He is also a member of the Agriculture, Environment, and Natural Resources Committee and the Judiciary Committee.

He holds stock in Century Telephone and McCaw Cellular Communications and sits on the Information Technology Committee.

Wellons, like Daughtry, is a small-town lawyer who says his position on Judiciary doesn't pose a conflict. In addition, he says, his telecommunications stock holdings don't relate in any meaningful way to what comes before the technology committee. Finally, oil and gas issues rarely if ever come on to the agenda, he says.

But on agricultural issues, Wellons does allow he makes an exception for the same reason as Daughtry.

"I have an obligation to do it," he said about supporting agricultural interests. "And that's what I think you have to balance all the time."

**Citizen lawmakers**

In the end, Wellons supports the citizen-lawmaker concept. (North Carolina's legislature is part-time.)

"I really believe in a citizens' legislature," he said. "I think that's one of the many beauties of North Carolina."

Rep. Russell E. Tucker (D-Pink Hill) has only been in the Legislature for a year, but has managed to be assigned to committees that match many of his private interests.

A former county administrator and finance director, he is a member of the Pensions & Retirement and State Personnel committees.

He is officer and director of Family Farms Inc. and sits on the Agriculture and Environment and Natural Resources committees. He is a stockholder in Banc One Corp. and sits on the Financial Institutions and Finance committees. A shareholder in Philip Morris, he sits on the Select Committee on the Tobacco Settlement.

"I think people should serve on committees they know something about." Tucker says he holds his stock in a managed account, and has no opportunity to profit from any legislative action. His stake in the bank is too small to be an issue, he says.

**Employees underpaid**

He does admit to voting on legislation that affected his pension as a retired local government employee.

"Yes, I did vote for the 1 percent increase this past year for local government employees," he said. "At the same time state employees got 5 percent."

Tucker campaigned on education and agricultural issues but said he is sympathetic to local government employees.

"Local government employees are usually not well paid, so you need to get as many fringe benefits as you can, and that includes retirement," he said. Not only is sitting on a committee that has the potential to write laws regulating one's own business legal, it's commonplace. North Carolina voters can easily find the connections thanks to North Carolina's relatively strong disclosure laws.

**From Hidden Agendas Report**

North Carolina ranked 10th in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that North Carolina's "Statement of Economic Interest" requires all of the above.

North Carolina is one of 22 states that require lawmakers to disclose employment income and investments for all members of their households.

North Carolina is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

North Carolina is one of 20 states that require lawmakers to disclose some information about business clients.
Public Service, Personal Gain in North Dakota

by Alex Knott

Rep. Jack Dalrymple (R-Casselton) was honored recently as one of North Dakota's business innovators of the year for finding creative ways to serve his customers as chairman of Dakota Growers Pasta Company. One way may have been by attaching his name to legislation.

Dalrymple is one of four North Dakota legislators who own stock in Dakota Growers Pasta Company, and have made legislative decisions that affect the company's growth indirectly. After these lawmakers voted to give a state agricultural agency increased funding, their company received significant research grants from that same agency.

In 1997 Dalrymple was the chief sponsor of a bill to appropriate $3 million to the Agricultural Products Utilization Commission (APUC) for research. In 1999, Dalrymple also chaired the committee that sponsored an appropriation to defray the expenses of APUC for grants.

APUC gave Dalrymple's company a $26,000 grant in 1998 and another $11,500 grant in 1999 to study potential products.

But Dalrymple said there was no conflict of interest between his legislative actions and the grants by the state agency. Rather, he said the grants made to his company were coincidental.

"I don't see any connection at all really," he said. "That's a subsequent event that was not apparent when their budget went through. I don't think that there is any impropriety here whatsoever."

APUC and Dakota Growers sprout

Through APUC, which gets much of its direction and funding through the state legislature, the Dakota Growers Pasta Company has received five grants totaling more than $218,000, according to the North Dakota Department of Economic Development and Finance.

The grants have helped the company grow to become the third-largest pasta manufacturer in North America. Its profits have pleased its investors and directors — some of which are the most powerful members of the North Dakota legislature.

Dalrymple is chairman of the House Appropriations Committee and Sheyenne district director for Dakota Growers Pasta Company; Rep. Eugene Nicholas (R-Candon) is chairman of the House Committee on Agriculture and North Central district director for Dakota Growers Pasta Company; Rep. John Warner (D-Ryder) is a company investor and chairman of the interim Agriculture Committee; and Sen. Aaron Kruter (D-Regent) is an investor and Senate minority leader.

All four reported owning stock in the company.

Dakota Growers Pasta Company of Carrington got its big break in 1989, when APUC gave the company its first of three grants that totaled more than $180,000. The grants were aimed at helping the company do research about whether a pasta company could get off the ground.

"It was this pool of money that allowed them to get together a prospectus for investors to see what they were about," said Lance Gaebe, executive director of APUC. "It was a real shot in the arm for them."

During that same year, APUC got a real shot in the checkbook from Nicholas, who pushed a bill through the legislature aimed at getting more money for the state agency. The legislation revamped APUC, giving it more funding for research grants like those given to Dakota Growers Pasta Company.

"We put more money in it," said Nicholas about the bill. "We overhauled APUC in the 1989 session and I was one of the prime sponsors."

Agency and lawmakers share ties

APUC and members of the legislature have shared a strong relationship during the last 20 years that began before the pasta company's inception. In addition to refurbishing APUC in 1989, Nicholas helped create APUC in 1979 through a bill he sponsored.

Dalrymple has also been a long-time public supporter of
APUC and was the chief sponsor of a bill in 1997 to find more ways to fund APUC's expenses.

APUC's grants resulted in increased sales and profits for many of the in-state companies and start-ups it subsidizes, according to a 1997 study by the Department of Agricultural Economics at North Dakota State University. The agency's grants then totaled $867,381, but were credited with netting $84 million in direct business for in-state firms.

Dakota Growers Pasta Company increased its sales from $20 million to nearly $120 million during a four-year period following its receipt of APUC's largest grants to the company. The increases made money for stockholders Dalrymple, Nicholas, Warner and Krauter.

APUC has also made grants to other local companies state legislators own stock in, including United Spring Wheat Processors, Pro-Gold LLC, AgriGrow Oils LLC, for company development.

Dalrymple, Nicholas and Krauter reported owning stock in United Spring Wheat Processors; Nicholas and Krauter reported owning stock in Agri-Oils LLC; and Nicholas reported owning stock in Pro-Gold LLC.

"I've invested in about five of these start-ups," Nicholas said. "Some have done well and not done well, but Dakota Growers has paid out the best dividends."

The amount of stock each legislator owns in these companies is unknown because it is not a disclosure requirement in North Dakota.

**From Hidden Agendas Report**

North Dakota ranked 31st in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. North Dakota, along with Tennessee, received 49.5 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that North Dakota's "Statement of Interests" requires employment, investment, officer/director positions, and some family name information.

North Dakota's financial disclosure forms are scattered across 53 County clerk offices across the state.

North Dakota does not require lawmakers to disclose the name of their primary income source.

North Dakota is one of 28 states that do not require lawmakers to disclose employment income and investments for all members of their households.

North Dakota is one of 18 states that do not require their lawmakers to disclose their real property holdings.

North Dakota is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

**Public Service, Personal Gain in Ohio**

by Robert Moore

Ohio's electric utility companies dispatched 200 registered lobbyists and reported spending at least $3 million to guide an electric deregulation bill through the state legislature in 1999.

During the development of that landmark legislation, one of the state's largest electricity suppliers carried more than a team of high-powered Columbus lobbyists on the books.

It also had Sen. Roy L. Ray (R-Akron), chairman of the Senate Finance Committee, on the payroll.

Ohio Edison paid Ray $161,000 for financial consulting work his firm, Merriman Financial Services Inc., performed in 1995 and 1996.

Ray never reported the work in financial disclosure reports covering that period, but he didn't have to under Ohio's ethics laws. The Cleveland Plain Dealer newspaper learned of the relationship in the months leading to the deregulation vote and wrote a series of critical stories.

**Bailout for utilities**

Public scrutiny led Ray to promise to abstain from voting on the deregulation bill. Indeed, he left the Senate chamber when the roll call finally arrived.

But Ray favored Ohio Edison — now part of the FirstEnergy Corp. — by sponsoring a measure of equal importance. The senator drafted a bill to allow Ohio power companies, includ-
ing Ohio Edison, to charge customers for past investments in nuclear power plants. It was, in effect, a bailout for utilities claiming they would lose staggering sums of money as deregulation freed their customers to choose other suppliers.

Ohio joined 22 other states in easing government regulations on private electric utilities, while permitting consumers to pick electricity suppliers much like they select long-distance telephone companies. The competition among power suppliers would drive down Ohio's high electric rates, lawmakers and the utility industry told the public.

Ohio's deregulation law called for an immediate reduction in electric rates for homeowners. Ray's bill ran contrary to consumer savings, though, because it allowed power companies to recoup as much as $8.8 billion in so-called "stranded costs" from customers. "Stranded costs" is the term utilities used for nuclear power plant investments made when electric companies monopolized electricity sales in their market.

Critics like Ohio's Safe Energy Communications Council slammed the plan as a "bailout" that rewarded companies like FirstEnergy for past mistakes.

Utilities got what they wanted

When the dust settled in the summer of 1999, Ray's bill never came to a vote. Instead, the question of how much of the $8.8 billion in stranded costs consumers would pay was left up to state regulators, said Ed Hess of the Ohio Public Utilities Commission.

That was no consolation to good government advocates. "The fact is that the utilities got what they wanted," said Sandy Buchanan, executive director of Ohio Citizens Action, a grassroots advocacy group based in Cleveland.

A complaint filed by Ohio Citizens Action with the state ethics watchdog panel about Ray's work for FirstEnergy fell on deaf ears because the senator apparently followed Ohio's lax rules before accepting the consulting work. He sought and received prior approval from Ohio's Joint Legislative Ethics Committee — a panel made up exclusively of Ray's General Assembly colleagues. Because the committee work is confidential, no one except fellow lawmakers knew of the deal initially.

Ray pointed to that committee approval as proof he did nothing legally or ethically improper. "Otherwise, I wouldn't have done it," he said.

A FirstEnergy spokesman said Ray was hired because of his background as former Akron mayor and city administrator, not because of his influence in the legislature. When he was on the payroll, Ray reported directly to then Executive Vice President Anthony J. Alexander, the spokesman said.

Ohio Edison and two other major utilities completed a $4.8 billion merger in 1996 to become FirstEnergy Corp. Documents filed with the federal government disclosed the payments to Ray's Merriman Financial Services.

"No one would ever have known about it if it hadn't been for the [Cleveland Plain Dealer] reporter going through the merger documents," Buchanan said.

Clients not disclosed

In his 1999 financial disclosure report, Ray listed income of less than $25,000 from Merriman Financial Services. He did not identify his clients. Ray also listed earnings totaling between $35,000 and $75,000 from two self-storage facilities he co-owns. That income is in addition to his legislative pay, investment income of less than $2,000, and retirement income of between $1,000 and $10,000.

From Hidden Agendas Report

Ohio ranked 23rd in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Ohio received 66 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found
that Ohio's "Financial Disclosure Statement" requires all of the above.

Ohio is one of 28 states that do not require lawmakers to disclose employment income and investments for all members of their household.

Ohio is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

Ohio is one of 20 states that require lawmakers to disclose some information about business clients.

Public Service, Personal Gain in Oklahoma

by Robert Moore

Columbia HCA/Healthcare Inc. may have had the support of a key Oklahoma legislator in hand long before the hospital chain went public in 1997 with a bid to take over two of Oklahoma's biggest state-run medical facilities.

At the time he cast two crucial votes on Columbia's proposal to take over the University of Oklahoma Hospital system, Senate President Pro Tempore Stratton Taylor (D-Claremore), a Claremore, Ok., lawyer, was a lawyer for a Columbia-owned hospital involved in two malpractice lawsuits.

Litigation was under way when Taylor's favorable vote as a member of a three-person legislative review committee cleared the way for Columbia's lucrative deal with the state. He voted Columbia's way a second time, when the full legislature approved the deal.

Lawmaker's firm represented hospital

As a matter of law, the Oklahoma Constitution states that lawmakers must disclose a potential conflict of interest to the House or Senate and abstain from voting on the matter. Taylor did neither.

The state Supreme Court refused to issue an opinion about the apparent conflict of interest. The Oklahoma Ethics Commission fielded a complaint about the case, but the commission has not issued an advisory opinion regarding Taylor, said Marilyn Hughes, commission executive director.

In an interview with the Center for Public Integrity, Taylor initially said no conflict existed because he did not represent Columbia HCA/Healthcare Inc. per se. Rather, he was on retainer for a group of doctor/administrators responsible for granting physician privileges at Claremore Regional Hospital, then a Columbia subsidiary.

Taylor, however, acknowledged during the interview that he in fact was the attorney of record for Claremore Hospital - not just employees - in one of the suits.

Taylor's firm, Taylor Burrage Foster Mallet and Downs, had been hired to represent the defendants in a suit brought by a Claremore physician who alleged her privileges at the hospital were improperly revoked. The case was still pending in Rogers County, Ok.

Columbia struck state deal

As the cases ground through court in 1996 and 1997, Columbia Healthcare struck an agreement to jointly operate University of Oklahoma's main hospitals in Oklahoma City. The hospitals had become, for the state, money-losing endeavors. Lawmakers wanted to stem the losses.

Under the agreement, Columbia would pay the state $40 million, largely for hospital equipment. The state, in turn, would pay Columbia $26 million or more per year to provide care to the poor or uninsured.

Taylor was one of the three-member Contingency Review Board, whose approval was necessary for the hospital deal to go through. The board - made up of Taylor, Oklahoma Gov. Frank Keating and House Speaker Loyd Benson (D-Frederick) — endorsed the sale, clearing the way for final approval by the full legislature and Gov. Keating.

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**Potentials for Conflict: A Snapshot**

Of Oklahoma lawmakers in office in 1999, who filed personal financial disclosures in 1999:

- 29% sat on legislative committees that regulated their professional or business interest
- 10% had financial ties to businesses or organizations that lobby state government
- 24% received income from a government agency other than the state legislature

Note: Because information filed in 1999 was for the calendar year 1998, the Center focused on the 164 Oklahoma lawmakers who were in office in 1998. Some members holding the interests listed above may not necessarily have a conflict of interest. This exercise was intended to measure the potential for conflict in each state.
Advocates charge conflict

Common Cause of Oklahoma tried to stop the deal at the 11th hour. After the Contingency Review Board approval, Common Cause appealed to the state Supreme Court, arguing, in part, that Taylor had a personal financial stake in his vote.

"We think Stratton Taylor should have recused himself," said Common Cause Director Edwin Kessler.

Some lawmakers agreed. "This is one of the big problems of the Oklahoma legislature," said Sen. Dave Herbert, who opposed the sale to Columbia. "The attorneys in the legislature have the ability to keep clients secret. Some of the legislators involved in the molding of the deal were on retainer or were Columbia vendors."

The efforts to stop the Columbia deal failed. "The public policy and ethics issues ... are beyond our purview here and we must limit our review to whether the Act violates other laws or is unconstitutional," the Court wrote in response.

Rebecca Adams, general counsel for the Oklahoma Ethics Commission, said findings remain confidential unless a settlement agreement involving a fine is reached or a case is forwarded for prosecution. If the commission did undertake a review of Taylor's relationship with Columbia, its work remains closed to the public.

From Hidden Agendas Report

Oklahoma ranked 36th in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Oklahoma, along with Montana and Nebraska, received 48 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Oklahoma's "Statement of Financial Interests" requires all of the above except real property and family name information.

Oklahoma is one of 28 states that do not require lawmakers to disclose employment income and investments for all members of their households.

Oklahoma is one of 18 states that do not require lawmakers to disclose their real property holdings.

Oklahoma is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

Oklahoma is one of 20 states that require lawmakers to disclose some information about business clients.

Public Service, Personal Gain in Oregon

by Robert Moore

Oregon law enforcement has struggled in recent years to shut down unscrupulous construction contractors who target the elderly and other unsuspecting homeowners.

Surprisingly, the Oregon legislature surfaced in 1999 as an obstacle to the intensified police efforts.

A member of the Oregon House of Representatives targeted the Oregon State Police for budget cuts designed to weaken the construction fraud unit.

Behind the spending cuts was freshman state Rep. R. Thomas Butler, a certified public accountant and land developer with political and financial ties to a construction firm that was the subject in a state police investigation.

During a 1999 Joint Ways and Means subcommittee hearing, Butler voted on his own proposal to eliminate all funding for the Oregon State Police construction fraud unit — without disclosing his past accounting work for Inspections Inc., a home inspections company, and the subject of ongoing investigations.

Lawmaker handled books for investigation target

The fraud unit was not eliminated, as Butler wanted. It was, however, downsized from three detectives and two support staffers to one detective and no support staff, according to an Oregon State Police spokesman.

The state police lieutenant who oversees consumer fraud cases said the agency is no longer permitted to actively investigate construction fraud. Instead, state police are authorized by the legislature to "evaluate the scope" of construction fraud in Oregon. Kristen Grainger, a spokeswoman for the Oregon Justice Department, said that office now investigates complaints and coordinates prosecutions along with
police and the Construction Control Board, a panel appointed by the governor and the legislature.

Rep. Butler is linked to Inspections Inc. through a 1998 campaign contribution of $2,500.

More significant, though, is Butler's personal financial connection to Inspections Inc. Butler had performed accounting work for the company, and was a friend of the business owners.

Only after Rep. Randy Leonard, a fellow member of the Joint Ways and Means Committee, asked Butler about it, did Butler publicly disclose his ties to Inspections Inc.

Butler said in an interview with the Center for Public Integrity that he had a business relationship with officials at Inspections Inc. Butler said he was not aware the company was the subject of a state police investigation when he began his move to eliminate the fraud unit.

After his ties to Inspections Inc. became public, Butler said asked that his proposed budget cuts be heard by another legislative committee.

He later withdrew the bill, acknowledging in an interview with the Center that it might have appeared "self-serving." Butler said he merely "encouraged the highway department to follow safety procedures" by placing a stop light at the intersection.

**Accountants, lawyers, doctors shield client names**

Had it not been for the items published in the Willamette Week, Butler's link to Inspections Inc. might never have been made public. Few Oregon lawmakers ever disclose such details about the people they do business with.

Furthering the likelihood that the Butler-Inspections Inc. ties would have remained secret is a provision in the Oregon disclosure law exempting doctors, lawyers, certified public accountants and a few other professionals from having to reveal any information about clients.

**From Hidden Agendas Report**

Oregon ranked 11th in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Oregon's "Annual Verified Statement of Economic Interest" requires all of the above except family name information.

Oregon is one of 22 states that require lawmakers to disclose employment income and investments for all members their households.

Oregon is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

Oregon is one of 20 states that require lawmakers to disclose some information about business clients.

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**Other conflicts surface**

A review of legislation sponsored by Butler showed that within weeks of his committee vote on the state police budget, he pushed another bill that required the state Highway Department to install a traffic light at an intersection in Ontario, Ore.

As it turns out, Butler, a real estate developer, owns land at the intersection and uses a portion of the holdings for a truck stop business.
Public Service, Personal Gain in Pennsylvania

by Ken Vogel

Pennsylvania State Rep. Merle H. Phillips (R-Sunbury) is on a legislative crusade to make chiropractic care available and affordable to all Pennsylvanians.

While increased access to and reimbursement for chiropractic services may or may not be in the best interests of back pain sufferers in Phillips’ district — assessments of the benefits and risks of chiropractic differ — increased business is good for chiropractors, including Phillips’ son.

Michael A. Phillips owns Phillips Chiropractic Center in his father’s hometown of Sunbury, PA.

Rep. Phillips, a 20-year Republican lawmaker, reported receiving income in 1998 from his son Michael. He told the Center for Public Integrity the money was payment for a piece of unimproved wooded property the two purchased together for hunting.

Phillips admitted to using the legislative cachet he has as majority caucus administrator to insert budget provisions aimed at increasing access to chiropractic services but said his motivation was not financial. He stressed he has no investment stake in his son’s business and that he “had felt strongly about chiropractic even before my son was involved.”

According to the State Board of Chiropractic Licensing, Michael Phillips’ license to practice in Pennsylvania was first issued in 1978 and is in good standing.

Gene Vino, executive vice president of the Pennsylvania Chiropractic Association, told the Center that his group has drafted bills Phillips later sponsored. Vino called the central Pennsylvania lawmaker “one of our leading advocates” in the legislature.

Phillips, 71, founded and served as chief executive officer of Irish Valley Food Processing and now draws most of his income from his nearly $60,000 legislative salary. He said he has visited a chiropractor for “35 to 40 years” and that his son became a chiropractor after a practitioner of the field cured his son of lingering pain from an accident at work.

Phillips was first elected in 1980. His legislative efforts on behalf of chiropractors appear to have started in the early 1990s, when he began sponsoring legislation aimed at, among other things, requiring insurers to fully reimburse for chiropractic services initiated by the patient without a physician’s referral. While Phillips’ bills bear different titles and take different approaches to the issue, each was opposed by the powerful insurance lobby and defeated.

Phillips used his leadership position to circumvent insurance industry opposition in 1999 when he inserted into the 222-page state budget language that allows recipients of Medicaid and other forms of medical assistance “direct access” to chiropractic services without a primary care physician’s referral and obligates managed care plans participating in those programs to pay for the visit.

Kim Kockler, executive director of the Pennsylvania Managed Care Association, told the Center that Phillips’ addition to the budget delivered to the chiropractic industry what years of failed bills could not. She called the “direct access” budget additions a political “maneuver to get something accomplished.”

Asked about the change in the budget, Vino explained “you need friends in the legislature — I’m not going to lie to you ... Rep. Phillips must have been lobbied very hard by his son.”

But Phillips denied that his changes to the budget sidestepped the legislative process, telling the Center that “I just negotiated — it was sort of done on my own.” He also said his son would prefer not to take Medicaid business because it is less profitable.

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*Potentials for Conflict: A Snapshot*

Of Pennsylvania lawmakers in office in 1998, who filed personal financial disclosures in 1999:

- 9% sat on legislative committees that regulated their professional or business interest
- 3% had financial ties to businesses or organizations that lobby state government
- 3% received income from a government agency other than the state legislature

Note: Because information filed in 1998 was for the calendar year 1998, the Center focused on the 222 Pennsylvania lawmakers who were in offices in 1998. Lawmakers holding the intrests listed above may not necessarily have a conflict of interest. This exercise was intended to measure the potential for conflict in each state.

*Years of the chiropractor*

In 1993, Phillips co-sponsored a bill that would have enabled the development of new classes of health insurance coverage; it expressly included chiropractic coverage.

While that bill failed, a resolution he introduced the same year named 1995 as the “Centennial Year of the Chiroprac-
The resolution asserted that chiropractic care has proven equally — if not more — effective than more conventional medicine in treating certain ailments. It credited chiropractors with, among other things, providing "peace of mind to patients."

During the designated centennial year, Phillips co-sponsored a repackaged version of the 1993 legislation calling for development of new classes of insurance coverage that would mandate reimbursement of chiropractic services. The "Affordable Insurance Measure for Family Health Care Act" went down to defeat as well.

Phillips advocated two 1995 bills to alter the state's 1967 Public Welfare Code to include provision of chiropractic care to those on medical assistance; he co-sponsored a bill that obligated the Department of Public Welfare to facilitate and reimburse chiropractic services for those on medical assistance. He sponsored a bill that would have tweaked a program called the "Family Care Network." The most significant change would have eliminated the requirement that those on medical assistance had to obtain a physician referral before seeking chiropractic care.

The "Family Care Network" bill went down to defeat, so Phillips came back in 1997 with a reworked version of the legislation that also failed.

Phillips changed his tack in 1999. He paved the way for enrollees in state-assisted managed care plans to visit a chiropractor without a referral by inserting the "direct access" language into the budget, a move Kockler called "a small shot across the bow" compared to the potential effect of another change being pushed by Phillips and chiropractors.

Phillips proposed a separate bill in 1999 that would have altered the state's 1921 Insurance Company Law to permit enrollees in unsubsidized — or "commercial" — managed care plans the same "direct access" to chiropractic service. While Phillips' bill seems stalled at the committee stage, Kockler said a currently pending companion Senate bill would have the same effect.

Pennsylvania's largest provider of health insurance, Philadelphia-based Independence Blue Cross, estimated that allowing its enrollees unrestricted access to chiropractic would cost it $24 million annually, according to Kockler. She predicted that Independence Blue Cross "will pass [the cost increase] right along to the insured."

The 1999 Phillips' chiropractic bill also would have resolved what Kockler called a "turf war between the chiropractors and the physical therapists" by reducing the range of services physical therapists could be reimbursed for performing.

"Permitted under state law"

Kockler questioned Phillips' involvement in legislative efforts involving the chiropractic industry, given his son's occupation.

"While it is permitted under state law, ethically it is questionable," Kockler said.

Under state disclosure law, legislators are not required to list the occupations of their relatives. The only reason Phillips listed his son's name on his disclosure was that he received income from his son during the reporting year.

Pennsylvania's disclosure laws do not stack up well against those of most other states, the Center found in a recent study.

From Hidden Agendas Report

Pennsylvania ranked 39th in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Pennsylvania's "Statement of Financial Interests" requires all of the above except client and family name information.

Pennsylvania is one of 28 states that do not require lawmakers to disclose employment income and investments for all members of their households.

Pennsylvania is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

Public Service, Personal Gain in Rhode Island

by Robert Moore

Two years ago, Rep. Christine Callahan (R-Middletown) became a rarity among Rhode Island legislators: She gave up plum positions on two government regulatory boards.

Callahan resigned from the Rhode Island Lottery Commission...
sion and from the state Economic Development Corporation to show support for a proposal to ban lawmakers from serving on state boards and commissions.

"If ever there was a potential for a clear conflict of interest, and a situation fraught with the possibility for corruption, it is a policy that allows a powerful legislator to not only create a commission, and to fund that commission, but then go on to serve as a member of that commission," Callahan said.

"We would all be much better off if no legislators from either party served on commissions and other bodies that are rightfully part of the executive branch of government."

For all the righteous outrage of Callahan and other critics, Rhode Island legislators continue a practice that gives lawmakers far-reaching powers. The General Assembly essentially is able to create boards with administrative authority, then appoint themselves to run those boards.

Few disclose

Phil West of Common Cause of Rhode Island, which has long battled to remove lawmakers from such agencies, contends that dozens of them serve on boards or commissions responsible for $8 billion in public assets.

But the 1999 financial disclosure reports filed by Rhode Island lawmakers are not good barometers of conflicts of interest. Lawmakers are required to identify full-time employers, but few other details.

The disclosures show that nearly two dozen lawmakers currently work for state agencies, provide contract services to agencies or are retired from state government. Only four disclose that they are members, directors or officers on state boards or commissions.

Those who disclosed board memberships include: Reps. David Cicilline (D-Providence), a member of the Criminal Justice Commission; Gordon Fox (D-Providence), an officer or director with the Rhode Island Employee Retirement System; and V. Susan Sosnowski (D-Kingstown), an officer or director with the Rhode Island Agriculture Council Advisory Commission. Sen. David Bates (R-Barrington), a member of the Rhode Island Underground Storage Tank Fund Review Board, reported that his wife is a director with the Greater Rhode Island Workforce Development Board.

Marty Healy, executive director of the Rhode Island Ethics Commission, has watched the numbers rise and fall over the years.

"Virtually all of them now sit on one board or another," Healy said. In 1998, the Commission set the stage for a constitutional confrontation that could have reshaped the state government by ruling lawmakers should not serve on boards and commissions.

Separation of powers

But the state Supreme Court said the Commission overstepped its bounds, and threw out the Commission decision.

West of Common Cause said the ruling gave "the legislature carte blanche to take over the whole state."

Callahan said she is resigning the seats she holds as a minority party representative on two key state boards to show that she stands alongside the state Ethics Commission and the citizens' advocacy group Common Cause in the "separation of powers" fight.

"Our rightful role in the General Assembly is that of 'true' legislative review and oversight," she said, "and not direct participation on commissions and boards that we create and fund in the first place."

From Hidden Agendas Report

Rhode Island ranked 13th in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Rhode Island, along with neighboring Connecticut, received 80 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relation-
ships, officer/director positions, investments, real-property holdings, client and family name information — and found that Rhode Island's "Yearly Financial Statement" requires all of the above except client information.

Rhode Island is one of 22 states that require lawmakers to disclose employment income and investments for all members of their households.

Rhode Island is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.

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Public Service, Personal Gain in South Carolina

by John Dunbar

In 1996, the South Carolina legislature made the most sweeping changes to workers' compensation laws in 20 years.

One of the chief brokers of the deal that led to the reform package was Sea John C. Land III (D-Manning), a lawmaker since 1975.

"The bill is a good balance," he told the South Carolina Business Journal in a 1996 interview. "I supported it and I am proud of it. Both the employer and the employee won."

Lawyers won too

It appears workers’ compensation attorneys didn’t make out too badly either. Land’s firm, Land, Parker & Reaves, earned more than $600,000 in fees representing injured people at the South Carolina Workers’ Compensation Commission, according to his 1998 disclosure form.

He is not alone. Of the 34 attorneys in the South Carolina legislature, at least 13 report income from representing clients before the commission. Four of them reported earning in excess of $100,000.

Land was by far the top earner.

Government watchdogs are uneasy when it comes to state lawmakers representing clients before agencies that rely on those same lawmakers to set their budgets each year. Land, for example, chairs the subcommittee that oversees the Workers Compensation Commission's budget, but says that doesn't affect whether he wins or loses a case for a client.

"You gotta have faith in your people, that they’re honest. I think if you talk to any objective attorney, I don't think you'll find any of them that say there's any hanky-panky going on," Land said.

John Crangle, executive director of Common Cause of South Carolina and himself a lawyer, finds the practice disturbing.

Practice disturbing

"There's a lot of that," he said. "That’s a similar type situation where these lawyers have to make a living outside, and the question is what do you prohibit."

One practice that has been eliminated is allowing lawyers to accept "no-service retainers," Crangle said. Large firms with business before the legislature would give lawyer/lawmakers large retainers, but expect no services.

Crangle said what has to be avoided is giving attorneys who are also lawmakers the "sweetheart treatment," similar to what happened to then-Sen. Mike Rose.

Rose represented a subcontractor before a state agency. The subcontractor wanted to regain his license. After Rose submitted a letter on his client’s behalf, he found he would not need to make any formal argument.

"When I went into the hearing, and I sat down, the first thing that happened was every one of the commission members got up and walked over and shook my hand. This would be like a lawyer sitting in front of a federal judge and at the beginning the judge goes over and shakes the lawyer’s hand," the former senator said.

"The second thing that happened was the chairman said ‘senator, you won’ — she mouthed the words, ‘we’ve already decided.’ I said ‘would you at least let me say something for the record?’"
The experience upset him so much, he never represented a client before a state agency again.

**No special treatment**

Land said he gets no special treatment.

"I really don't, and the reason I say that, every time I appear before the Workers' Compensation Commission, there's a well-trained, well-paid lawyer representing an insurance company on the other side who has probably done 50 cases compared to my one," he said.

Commissioners on the panel earn $91,000 each year; they are appointed by the governor and confirmed by the Senate. Because Land represents clients before the commission, he is not permitted to vote on their confirmation, he said.

Land does allow that his position probably doesn't hurt his business. "I'm sure my prominence probably would make people be aware of me more. It's good advertisement if you want to say that. But I think it's my work product that would cause my reputation to be good rather than my status in life," he said.

Alicia Clawson, executive director of the South Carolina Workers' Compensation Commission, said a small percentage of cases are not settled before a final hearing. That so many lawmakers do handle workers' compensation cases may be a reflection of the small-town nature of the state.

"I would say the majority of our cases are handled by the claimants themselves," she said. "...beyond that, a lot of these lawyer-legislators are from small towns where they may be the only lawyer in town."  

**Law full of loopholes**

Land is required by law to list any dealings he has with state agencies on his annual disclosure forms.

According to a survey by the Center for Public Integrity, South Carolina ranked 16th in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

Despite the relatively high ranking, there are plenty of loopholes in the state's disclosure rules. Nearly a third of state lawmakers reported no income whatsoever — no property, no job (other than legislator), no business and no creditors.

Salary for South Carolina lawmakers ranks among the lowest in the nation, at $10,400 each year plus an $85 per diem.

In addition to requiring lawmakers to report any representation of clients before state agencies, the state requires lawmakers to report any business with a lobbyist and any business with a state or local agency.

South Carolina has a part-time legislature. The experience those citizen lawmakers bring to bear is valuable, Land said.

"I hope most people realize they need attorneys in there, and if they preclude us from making a living, they're going to end up with only retirees and rich folks serving," he said.

*From Hidden Agendas Report*

South Carolina ranked 16th in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that South Carolina's "Statement of Economic Interests" requires all of the above except family name information.

South Carolina is one of 22 states that require lawmakers to disclose private income and investments for all members of their households.

South Carolina is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their income and holdings.

South Carolina is one of 20 states that require lawmakers to disclose some information about business clients.

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Public Service, Personal Gain in South Dakota

by Alex Knott

Sen. Michael Rounds (R-Pierre) should not have problems following changes in state laws regulating his real estate and insurance company — especially because he wrote and sponsored many of them.

Rounds has taken a particular interest in writing and sponsoring legislation relating to automotive insurance, worker's compensation, and real estate. All three issues are important to the business of Rounds' insurance and real estate company in Pierre.
“Apparently he [spends] a lot time in the legislature dealing with issues that are directly relating to his business,” said Rep. Pat Haley (D-Huron), House minority leader. "It does seem pretty self-serving."

Rounds, who serves in the Senate as Republican majority leader, signed on as a stockholder and employee in 1982 of a company that became Fischer, Rounds and Associates. Though he was an officer with the company, Rounds said he stepped down from that position in 1995 because of his election to the state legislature.

Rounds says he is simply "an employee" with the organization that bears his last name. He said he may become an officer with the company again after leaving the legislature, but is currently just a minority stockholder, an insurance agent and a real estate broker for Fischer, Rounds and Associates.

**Rigging trucking insurance**

One of the business staples of Fischer, Rounds and Associates is its sales of trucking insurance. Local truckers say the insurance company is among the sales leaders in South Dakota.

In 1996, Rounds co-sponsored legislation making it mandatory for vehicles weighing more than 26,000 pounds to carry new minimum amounts of liability insurance. Truckers who had rigs in this weight class were now required to carry liability insurance satisfying minimums amounting up to $750,000 for bodily injuries and death.

Rounds said he had no personal reasons for promoting the legislation; he backed the bill only to put South Dakota in line with national safety standards, he said.

Rounds also was the primary sponsor of a bill in 1997 that allowed insurance companies like Fischer, Rounds and Associates to get more information on its policyholders. Rounds' bill allowed the state's Department of Commerce and Regulation to provide the driving records of individuals to insurance companies.

Other insurance legislation co-sponsored by Rounds includes a 1997 bill that excluded uninsured and underinsured motorist coverage from excess or umbrella insurance policies.

Rounds said the bill translated to lower premiums for drivers, meaning insurance companies like Fischer, Rounds and Associates took in less money, but he also acknowledged lower potential costs associated with the liabilities of uninsured drivers.

"It lowers the liability but it lowers the premium also," he said "In actuality, it would be a wash."

**Cutting worker’s compensation costs**

Rounds, whose company also provides insurance to businesses for worker’s compensation, has been described by his colleagues as one of the greatest proponents of change on the issue.

During the past eight years he has written and sponsored bills that may lower costs to employers carrying worker’s compensation. Some of Rounds critics have argued his bills resulted in lower costs for insurance companies like Fischer, Rounds.

In 1998, he sponsored legislation to revise certain provisions relating to worker’s compensation during an injured employee's period of rehabilitation.

"The bill reduced the way one can qualify for rehab benefits and made it harder to qualify,” said Paul Aylward, of the South Dakota AFL-CIO, who has been an opponent of many bills presented by the governor and Rounds on worker's compensation.

Aylward, who was part of a state task force on worker’s compensation, said the governor of South Dakota pushed many bills through the legislature that favored insurance companies during the last several years.

"The administration put many bills through that reduced workers benefits and they had a negative effect on the system,” he said. “They had the effect of lowering rates for employers at the expense of injured workers.”

One of the bills making the largest alterations in workers' compensation was S.B. 211, which passed in March 1999. The bill made sweeping changes to worker's compensation including a section that shortened the time employers must report an injury from 10 days to seven days.

The bill was sponsored by the Committee on State Affairs at the request of the Governor, but Rounds spoke in favor of it to news agencies and voted for it.

Aylward said he remembered Rounds advocating the bill's passage and said the senator was "one of the main ones that carried the governor's proposals."

Rounds worked on other related legislation, too, including his primary sponsorship of a 1992 bill that sought to establish a procedure for investigating fraudulent worker's compensation claims.

Rounds spoke with pride about his bills on worker’s compensation, saying he saw no conflict of interest. He said he worked hard to reform the state worker’s compensation system, and he is pleased at the progress he and the governor made on the issue. Rounds noted that some bills might have lowered the liabilities his company could face, but he emphasized a decrease in premiums for policyholders.

"Did I gain or lose in reforming worker’s compensation?” he asked. “The answer is my agency probably lost money on it.
We’ve had four years in a row where premiums have been reduced in worker’s compensation.”

**Relating to realtors**

As an insurance agent, Rounds should know the importance of liability. He wrote a bill to remove some legal responsibility from himself and other realtors. He was the primary sponsor of a measure that exempts real estate licensees from certain sex offender notification provisions.

The bill that was signed into law March 14, 2000, stated: “No licensee representing a seller or landlord has a duty to investigate, volunteer, or disclose information regarding a registered sex offender residing on or near the property.”

The bill effectively protects real estate agents like Rounds from being sued if a convicted sex offender living in the area commits an act against one of an agent’s purchasers.

Rounds said the bill was written to place more accountability with the buyer in real estate transactions.

”It becomes the responsibility of the buyer and not the agent to go check that information out,” Rounds said. “At what point does it become a real estate agent’s responsibility? What happens if you have a sex offender move into the area during the sale? Is that the fault of the agent?”

Fischer, Rounds, and Associates, which is affiliated with Century 21, also sells lands with manufactured homes among their properties. In 1999, Rounds was a primary sponsor of a bill to account differently for how taxes are paid on certain manufactured homes.

”What that legislation did is allow the manufactured homes to be assessed one year and let them pay their taxes the following year,” said Jerry Biedenfeld of the South Dakota Manufactured Housing Association. “The effect is that it is beneficial to the homeowners of manufactured homes and they can pay the tax later.”

Rounds said the legislation permits the owners of manufactured homes to pay their taxes in the time period the law allows owners of other houses. He said he saw no conflict of interest in the legislation because his company sells all types of homes, not just manufactured houses.

”We sell both types of homes, so how is it a conflict of interest,” he said. “Why should a manufactured house be discriminated against?”

**Did bills boost business?**

While Rounds maintains that none of the bills relating to Fischer, Rounds and Associates business were a conflict of interest, other lawmakers from the General Assembly have questioned his motivations.

”Mike has been an unabashed spokesperson for the insurance industry and to an outsider I’m sure it looks very brassy,” said Bernie Hunhoff, a former senator who served with Rounds. “To a peer insider, though, it probably looks like business as usual.”

Rounds defended his bills, saying many lawmakers in South Dakota make decisions and work on legislation that could affect their business.

”In South Dakota, we draw upon each profession in the legislature for strength and I don’t see anything wrong with using your expertise from the field,” said Rounds, who will be leaving office at the end of this year.

He is ineligible to run for senator again because of term limits but said he is considering running for governor.

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**From Hidden Agendas Report**

South Dakota ranked 40th in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. South Dakota, along with Nebraska, received 47 out of a possible 100 points.

The Center examined what it termed “basic,” or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property
holdings, client and family name information — and found that South Dakota's "Statement of Financial Interest" requires only employment and investment information.

South Dakota is one of 22 states that require lawmakers to disclose employment income and investments for all members of their households.

South Dakota is one of 18 states that do not require lawmakers to disclose their real property holdings.

South Dakota is one of 11 states that do not require lawmakers to disclose their officer or directorship positions.

South Dakota is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their income and holdings.

"It is wrong that diseases of the brain should be covered differently than diseases of the heart, liver and lungs," he told a reporter in January.

**Not a conflict**

Walley may have had the best interest of the mentally ill in mind when crafting the bill, but as a clinical psychologist and behavioral health consultant, it appears he stands to gain from the legislation.

"I didn't think about it being a conflict of interest for a variety of reasons," Walley said. "First of all, my practice is administrative and not direct clinical services. I have a consulting practice. Secondly, we in Tennessee are different. We're a citizen's legislature made up of part-time citizens, and have regular jobs."

(Actually, Tennessee is par for the course. There are only a nine full-time state legislatures in the country.)

"I felt real good about it," he said of the law. "Had I been able to profit from it, I've certainly made a mess of it, because I haven't."

Walley said he was approached by a group led by the Tennessee Alliance for the Mentally Ill that persuaded him to introduce the legislation. The legislation itself, he said, won't make those in his profession any richer. It will reduce the amount of out-of-pocket costs for those who use mental health services.

**Good position**

The representative is in an especially good position to affect legislation regarding his profession. He sits on the mental health subcommittee under Health and Human Resources.

Dave Goetz, president of the Tennessee Association of Businesses, says the psychiatric profession might indeed benefit Goetz said it will be "interesting" to see if compensation of mental health professionals rises.

Goetz was unconcerned about Walley's advocacy position on the issue.

"What about all the attorneys that deal with bills that deal with their own lawsuits?" he asked. "He was willing to work with us on a bill that was a pretty good compromise in many ways."

Goetz said Walley is one of the "good guys" in the legislature. He has plenty of backers in the mental health community as well.

"His integrity is beyond question," said Dick Blackburn, executive director of the Tennessee Association of Mental Health Organizations. "I've never heard one word negative."

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**Public Service, Personal Gain in Tennessee**

by John Dunbar

Rep. Page Walley(R-Bolivar) has been an unwavering advocate for the mentally ill in the state of Tennessee.

Among his accomplishments was sponsorship of a bill that became law on Jan. 1, 2000, requiring insurance companies to cover mental illness as they would a physical ailment.

"It is wrong that diseases of the brain should be covered differently than diseases of the heart, liver and lungs," he told a reporter in January.

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"His integrity is beyond question," said Dick Blackburn, executive director of the Tennessee Association of Mental Health Organizations. "I've never heard one word negative."
Walley has another position on a legislative committee that appears to invite conflict. He is a member of the Select Committee on TennCare.

TennCare is Tennessee's health plan for the poor and workers who have no insurance.

**Administrative consultant**

Walley's chief client as an administrative consultant is a rural mental health network that receives much of its funding from TennCare. He recruits staff, trains staff, develops new counseling products for the community, assists with accreditation with various agencies, writes policies and procedures.

"Yes, the center does provide TennCare services," he said of his employer. But Walley said he has a responsibility to the people of the state to use his expertise, so his involvement is in their best interest.

Walley said the key is disclosure.

"I think we go overboard in Tennessee to disclose potential conflicts of interest and all employment sources that we have," he said. "If there's a conflict at least everyone knows there might be one."

Walley said he has never voted on increasing TennCare funding for one of the centers he contracts with, but has voted on TennCare legislation broadly.

Walley has one other connection to TennCare. In his 1998 financial disclosure form, he lists Magellan as a consulting client. Magellan is the mental health firm that controls the behavioral health element of the TennCare program.

"I never advocated in any way for Magellan in the legislature," he said. Walley worked for a hospital later bought by Magellan. He no longer does work for the company.

**From Hidden Agendas Report**

Tennessee ranked 31st in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Tennessee, along with North Dakota, received 49.5 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Tennessee's "Statement of Interests" requires employment, investment and client information.

Tennessee is one of 22 states that require lawmakers to disclose employment income and investments for all members of their households.

Tennessee is one of 11 states that do not require lawmakers to disclose their officer or directorship positions.

Tennessee is one of 18 states that do not require lawmakers to disclose their real property holdings.

Tennessee is one of 20 states that require lawmakers to disclose some information about business clients.

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**Public Service, Personal Gain in Texas**

by John Dunbar

Between the 1997 and 1999 biennial legislative sessions in Texas, the Senate formed a committee to consider changes in the way the $1 billion a year tide insurance industry is regulated.

In Texas, the premiums title companies charge are set by the state. According to the state's insurance consumer advocate, those rates are too high — 15.36 percent too high.

The interim committee issued a report that said little and sparked some minor reforms. It's not surprising. Two of the three members of the committee, Sens. Chris Harris (R-Arlington) and J.E. "Buster" Brown (R-Lake Jackson), have close ties to the title insurance industry.

**Title insurance ties**

Brown, an attorney, collected between $5,000 and $9,000 from Partners Tide Company, and more than $25,000 from Chicago Title Insurance Company, according to his 1998 financial disclosure statement.

Elsewhere in his disclosure, he reports that he represented Allen M. Gentry before the Texas Department of Insurance for fees in excess of $25,000. What he doesn't note is that in 1998, Gentry was senior vice president of New York Stock Exchange-listed Chicago Title.
As for Harris, a lawyer, he estimates his firm receives about 25 percent of its business from a title insurance company. He said the formation of the committee was his idea. He was worried about consumers, he said.

In Texas, there was a trend toward large developers selling land, homes, mortgages and title insurance all in one package. The closed system created no opportunity for consumer involvement, he said.

"Nowhere was there anyone in the process to tell them (home buyers) if they were getting the house at a competitive price per square foot," he said.

Harris, who does business for an independent title company, said he was approached to provide legal services to one of the large development firms.

"Hell no"

"What brought my attention to it was a couple of those big companies saying they wanted to include me in that type of operation," he said. "And I told them not only no, but hell no."

Since Harris does not work for one of the larger firms, logic would seem to indicate Harris formed the select committee to protect his own interest. But he said that is not the case.

"No, in fact they (large developers) offered to bring me business. No, my business has always been very stable," he said. "We go back 45 years."

The close relationship Brown and Harris have with the title insurance commission bothers at least one government watchdog.

"It violates two basic principles of conflict of interest. One is that one should never be in a position to make legislative decisions that affect his or her own business, or secondly you should never be in a position of making decisions about your large clients," said Tom "Smitty" Smith, director of Public Citizen of Texas.

"We have long advocated for legislation that sets some limits that would require recusal of legislators if it (the legislation) affected more than 10 percent of their personal assets or $25,000 worth of their personal assets," he continued.

Harris and Brown are in the business of giving advice, legal and otherwise. That is not at all unusual in the Texas Legislature. The Center's database reports half of the lawmakers in office in 1998 reported financial ties to the legal or consulting fields.

Lawyers abound

At least 57 legislators worked as lawyers while in office in 1998, according to the Center's database. In addition, at least 20 more lawmakers list their business as "consulting." They are none too shy about giving their advice concerning matters that are the subject of legislation they may be working on.

According to the Texas constitution and ethics code, a lawmaker may not vote on legislation that will directly affect an entity in which he or she has a controlling interest, unless the legislation affects an entire class of businesses.

The lawmaker should disclose that interest and refrain from voting on the bill.

Lawmakers, not just in Texas but throughout the nation's state legislatures, often vote on legislation that affects their industry, but it is rare to find a vote affecting a specific business.

So there is no prohibition on Brown and Harris recommending legislation that affects the title insurance industry in general.

"It's my belief we're supposed to take our life experiences as we encounter them and take them to Austin and use our experiences accordingly," Harris said. Legislators may work in their own field on a law, "as long as it doesn't benefit us more than anyone else."

Low-paid legislators

Texas's legislature meets every other year, despite the size and population of the state. Its members are among the lowest paid in the nation, with an annual salary of $7,200.

The personal financial disclosure laws give citizens an important weapon in determining where their representatives'
and senators’ interests lie.

Texas requires lawmakers to disclose income from firms that lobby the legislature, which is how the Center found out about Sen. Brown.

Brown did not return several calls to his law office and legislative office seeking comment.

From Hidden Agendas Report

Texas ranked sixth in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Texas, along with Wisconsin, received 88 out of a possible 100 points.

The Center examined what it termed “basic,” or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Texas’s “Personal Financial Statement” requires all of the above.

Texas is one of 22 states that require lawmakers to disclose employment income and investments for all members of their households.

Texas is one of only nine states that allow citizens to differentiate between minor and major sources of lawmakers’ economic interests, because these states require lawmakers to report the value or value range of their employment income and investments.

Texas is one of 20 states that require lawmakers to disclose some information about business clients.

Public Service, Personal Gain in Utah

by Robert Moore

It was a standard publicity photograph: The head of a major Utah telecommunications company handing a check to the executive director of a local charity.

Only the recipient of the oversized, $15,000 check wasn’t just any nonprofit agency director. She was Utah State Rep. Sheryl Allen (R-Bountiful), chairwoman of the Public Utilities and Technology Committee. The contribution came as Allen’s committee weighed sweeping changes in the way Utah’s telecommunications industry operated.

A Salt Lake Tribune newspaper reporter unearthed in a Salt Lake City weekly publication the photo of U S West Vice President Ted D. Smith playing the part of good corporate citizen — giving money to a worthy cause, in this case, the Davis School District Foundation.

The Tribune produced a revealing story about how the Colorado-based telecommunications giant had donated thousands of dollars to Allen’s pet charity in the months before the her committee took up a bill of particular interest to U S West.

Open checkbooks

The bill limited Utah regulators’ authority under certain circumstances to demand lower telephone rates for U S West customers. State and company officials said it was not immediately clear how deeply consumers would be affected or how much U S West stands to gain because of the bill. But the measure, which passed the Utah House and Senate, was written by Smith, the company’s chief lobbyist, and it was among U S West’s legislative priorities for the 1999-2000 session.

When Allen and the Davis School District Foundation came knocking, corporations responded with open checkbooks.

From 1998 to 1999, the Davis School District Foundation raised $671,000, much of it from Utah businesses, as well as national, multi-billion dollar corporations.

U S West has donated $30,400 since 1998 to the Foundation’s projects, according to Ray Child, a U S West spokesman. AT&T, a competing telecommunications company,
pany has given more than $40,000. (The Salt Lake Tribune’s parent company is owned by AT&T, a fact omitted from the newspaper’s initial story on U S West contributions to the Davis School District Foundation).

Appearance of quid pro quo

The charitable contributions illustrate the often-cozy relationship between special interests and state lawmakers. The relationships are so ingrained in political and community life that lawmakers and lobbyists rarely give a second thought to the appearance of conflict or impropriety, even when the exchange of money is captured on film.

“This is my job,” said Allen. “There is a long history of major corporations giving to the foundation. Utilities are major corporations. I don’t think it’s fair to portray that as a conflict of interest because what they give benefits the children in the district.”

Allen and Rep. Susan Koehn (R-Woods Cross), another member of the Public Utilities and Technology Committee and an employee of the foundation, said U S West received no special favors for its contributions. Koehn was the sponsor of U S West’s bill.

Cassie Dippo, a lobbyist for Common Cause Utah, said that “most of the telecommunications companies give to this particular charity. What can you say about that? What was disconcerting (in the U S West case) was that she (Allen) was running this bill through her committee at the same time (the donation was made). That was a problem.”

Other good-government advocates agree with her. “Whether U S West is paying for legislation or she (Koehn) is carrying (the bill) because she thinks it’s good legislation, there is an appearance there of a quid pro quo,” said Ed Bender of the Institute for Money in State Politics, a legislative watchdog group, told the Salt Lake Tribune.

Political power, donations soar

Since the late 1980s, the Davis School District Foundation has operated as one of the few nonprofits in Utah created exclusively to supplement public funding for educational programs in a specific locale.

It started with an operating budget of less than $50,000. Its revenue quickly began to soar. By 1996, it had revenues of more than $786,000, according to foundation records.

Allen said soliciting money from corporations, including U S West, is part of her job. “I am an equal opportunity acceptor of donations,” Allen said. “I’ve been told ‘yes’ and I’ve been told ‘no.’”

U S West obliged willingly when the foundation asked for another grant.

“We made a contribution to a legitimate foundation,” Child said. “We see this as a philanthropic grant. It was made in a very upfront, very open process. There is no conflict here.”

Child said the foundation applied for funding specifically to help gifted students. A committee of U S West executives that included Smith, the company lobbyist and vice president, approved the request.

Both Allen and Koehn reported income from Davis School District Foundation in their 1999 financial disclosure reports. State law does not require that any information about who supports the foundation be disclosed, making it nearly impossible for most citizens to find the connections that the Salt Lake Tribune did.

Allen is in the real estate business, too, reporting income from the A-Z Apartments and the Allen Apartments firms. Koehn also reported receiving rental income along with her salary from the foundation.

From Hidden Agendas Report

Utah ranked next to last in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Utah received 1 out of a possible 100 points.

The Center examined what it termed “basic,” or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Utah does not require lawmakers to disclose a comprehensive list of private interests.

Utah does, however, require lawmakers to complete a “Declaration of Conflict of Interest Form,” which requires lawmakers to disclose only the economic interests they believe may result in a conflict of interest as defined by Utah law. Because this form provides for some disclosure, Utah fell into second-to-last place.

Public Service, Personal Gain in Vermont

by Ken Vogel

James P. Leddy knows that his role as a member of the Vermont State Senate will intersect sometimes with his professional life.
But Leddy said such overlaps are common in Green Mountain State politics and are not problematic as long as legislators take steps to avoid potential conflicts of interest.

Since 1980, the South Burlington Democrat has been executive director of the Howard Center for Human Services, a Burlington-based private nonprofit mental health service provider with 325 employees. Howard, which reported $23 million in revenue during the 1997 reporting period, derives the lion’s share of its funding from government contracts, a state of affairs that became notable after Leddy’s 1998 election to represent Chittenden County in the state Senate.

While Howard administers a program for the U.S. Department of Housing and Urban Development, most of its revenue comes from its contracts with nine different state agencies.

Not only did Leddy vote on the general budget presented on the floor of the legislature — which contained allocations to departments that had contracts with Howard — but he also proposed at least two bills that, in their original form, would create new programs for which his company could have received contracts.

Leddy and Sen. Jean B. Ankeney (D-St. George), a retired public health nurse who was affiliated with a Howard initiative, were among the sponsors of a bill that created a needle exchange program for intravenous drug users. According to Peter Lee, chief of treatment for the Department of Developmental and Mental Health Services’ Office of Alcohol and Drug Abuse Programs, the Howard Center could be selected to run the needle exchange program. Leddy told the Center that the needle-exchange bill did not appropriate any state funds.

The Howard Center could have benefited from another bill proposed by Leddy, which created a methadone treatment program for heroin users, but amendments to the bill made it unlikely that the Howard Center could win a state contract for that program.

Avoiding possible conflicts

In a letter to the Center, Leddy insisted that “when I reported the bill to the full Senate, I made reference to the possible conflict of interest if this bill were to pass and if my agency were to become a methadone provider.”

The methadone treatment bill stemmed from a 1999 legislative study committee report that pointed out 42 other states already approved the drug as a treatment for heroin addiction. Leddy was the chief author of the report.

The methadone and needle exchange bills went to the health and welfare committees in the respective chambers, which count Leddy as a member and Rep. Ann D. Pugh (D-South Burlington) as House vice chair. Pugh sat on the board of trustees of the Howard Center for Human Services until at least 1998.

Ironically, Leddy told the Center that he came to sit on the Health and Welfare Committee so that he could avoid potential conflicts with his job at Howard.

Leddy said he initially desired a seat on the legislature’s budget-writing Appropriations Committee, but withdrew his name from consideration because he would have to vote on the funding for state agencies, at least nine of which have contracts with Howard.

Still, Leddy acknowledged that he voted on the general budget presented on the floor of the legislature, knowing full well that it contained allocations to departments that had contracts for services with Howard.

He did so, he said, only after consulting with the secretary of the Senate.

Leddy said his conscience is clear on the matter because the budget does not mention the names of the vendors to whom contracts have been awarded, listing only amounts.

“There was not a single item in the budget that said ‘this money is for this organization of which you are executive director.’”

Under Wraps: Outside Interests Difficult to Profile in Non-Disclosure States

In Vermont, Michigan and Idaho, state lawmakers are not required to file financial disclosure reports. The matter of disclosing potential or actual conflicts of interest may be because no disclosure system exists. In Vermont, Center researchers were not able to determine the potential for conflict of compiling comprehensive information about Idaho lawmakers.

In an attempt to survey Vermont lawmakers outside economic interests and activities, Center researchers requested information from 180 Vermont lawmakers. Only 20 provided information.

No disclosure

Whether Leddy has successfully avoided conflicts is a judgment that has been mostly his own to make, because Vermont is one of only three states — Idaho and Michigan are the others — that do not require lawmakers to disclose any information about their personal finances.
Leddy said that he “probably would” support efforts to increase Vermont’s disclosure requirements but stressed that he has “a personal sense for a desire for privacy.”

Leddy asserted that his affiliation with a group that receives state funds is not at all unique but said that, in general, the level of ethics in the state legislature is “very high.”

“We’re such a small state and because we’re a part-time legislature, I think there are a lot of people who go back to their communities and have roles that intersect with government. It would be very hard to separate them entirely,” he said.

From Hidden Agendas Report

Vermont tied for last place in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Vermont received one out of a possible 100 points.

The Center examined what it termed “basic” or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Vermont does not require lawmakers to report private financial interests.

Public Service, Personal Gain in Virginia

by Robert Moore

When Virginia Sen. Stephen D. Newman (R-Lynchburg) took up the cause of Barr Laboratories Inc. in a 1997 legislative battle over generic drug regulations, there was nothing unseemly about it.

Barr had recently opened a multi-million dollar manufacturing plant in Newman’s district, and, with hundreds of thousands of dollars in charitable contributions, had gained a reputation as a good corporate citizen.

By 1998, however, Newman’s efforts on behalf of Barr tested ethical boundaries in the Virginia legislature.

Newman and the New York-based drugmaker struck a lucrative business deal. Barr hired Newman as a consultant handling public relations and legislative activities, a contract worth up to $50,000. Newman disclosed in his 1999 Virginia economic interest statement. Despite the newly forged business relationship, Newman continued in 1998 to lobby colleagues in the statehouse as the company appeared before state regulators. Newman told the Center for Public Integrity that he has not voted on matters dealing specifically with pharmaceutical manufacturers since going to work for Barr, though he has written laws that, among other things, decide who dispenses prescription drugs in Virginia.

The Newman and Barr relationship took on even greater significance after the company filed an anti-trust suit against competitor DuPont-Merck Pharmaceutical Co. (E.I. du Pont de Nemours & Co. later bought Merck & Co.’s interest in the partnership and operates the business as Dupont Pharmaceuticals.)

High-stakes battle

At the center of Barr Laboratories’ interest in Virginia politics was a high-stakes battle over the sale of certain high-cost, potentially dangerous drugs, including anti-coagulant Warfarin, the generic version of Coumadin, the 11th most prescribed prescription drug in the United States. In Virginia and a handful of other states, DuPont-Merck pushed for passage of laws preventing or making it more difficult for pharmacists to substitute Barr’s generic alternatives for Coumadin and other so-called “narrow therapeutic index” drugs.

In 1997, Barr Laboratories reported a 68 percent surge in revenue, with most of the rise attributed to the sale of Warfarin and other related drugs. In a 1998 anti-trust suit against DuPont-Merck Pharmaceutical Co. — charging DuPont-Merck deliberately misled the public, legislators and regulators about the drugs — Barr said Warfarin alone had annual sales in excess of $535 million.

To fight a bill that would have slowed the sale of Warfarin and some of its other generic drugs, Barr needed a sympathetic ear in the Virginia legislature. The company found Newman, a member of the Senate Education and Health Committee.

Newman tried unsuccessfully to weaken the bill with amendments that were defeated. Newman ultimately voted against the bill. Nevertheless, it passed and became law. Responsibility for implementing the new law fell to the state Board of Pharmacy. When the board held public hearings about the regulations, Newman worked for Barr, recruiting fellow legislators to testify favorably for the company. Newman’s own economic interest statement discloses that associates with whom he has a “close financial relationship” appeared before the Board of Pharmacy on behalf of the drugmaker.

Nothing improper

Newman says there was nothing improper about accepting
the Ban job — which he still holds — after pushing its agenda in the Virginia Assembly. That, he said, is what occurred with Ban. "A couple of years after I voted on something, I ended up going to work for these people," Newman said.

Landing the job with Ban Laboratories in 1998 had nothing to do with his work on the company’s behalf, the senator said. Had Ban offered Newman the consulting contract because Newman pushed the company’s agenda in the legislature, "it would clearly be out of bounds," Newman said.

Nothing in the Virginia Code prohibits lawmakers from being paid to represent a client or special interest before regulators or other agencies funded by the legislature. Newman said he has not testified for Ban before pharmacy regulators. He has encouraged others, however, to do so. That keeps his hands clean, Newman said.

"If I do say to another person, 'you can go if you want to,' then I have stayed as far away from (regulators) as possible," he told the Center.

The senator’s work for Ban Laboratories became a campaign issue in Newman’s 1998 successful bid for reelection. Newman declined to directly respond to his opponents’ charges at the time. Today, he calls the whole subject "partisan" bickering.

"It was a partisan issue then and it is a partisan issue now."

**From Hidden Agendas Report**

Virginia ranked eighth in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Virginia received 85.5 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Virginia’s "Statement of Economic Interests" requires all of the above.

Virginia is one of seven states with financial disclosure systems in place which do not have penalties for late filings written into their statute.

Virginia is one of 22 states that require lawmakers to disclose employment income and investments for all members of their households.

Virginia is one of only nine states that allow citizens to differentiate between minor and major sources of lawmakers’ economic interests, because these states require lawmakers to report the value or value range of their employment income and investments.

Virginia is one of 20 states that require lawmakers to disclose some information about business clients.

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**Public Service, Personal Gain in Washington**

by Robert Moore

Washington state Rep. Ed Murray (D-Seattle), co-chairman of the House Capital Budget Committee, says he broke no laws by taking a no-bid job with the state’s largest public university.

It simply took longer than it should have for him to come clean with the public about his work as a liaison for the University of Washington during recent negotiations with the City of Seattle and a local transit authority.

Washington’s Legislative Ethics Commission in March 2000 found Murray should have sought its approval before accepting the job, which paid him $50 an hour. The commission, however, excused the lapse in reporting as a "technical violation," citing a loophole in the State Ethics Act.

Murray, whose committee has oversight of major public construction projects, including those at the university, received $16,000 from the university between August and December, before the start of the legislative session.
Walking through loopholes

He told the Center for Public Integrity that legislative attorneys assured him approval wasn’t necessary.

The Washington State constitution requires a lawmaker with a “private interest” in legislation to disclose it to his or her chamber and not to vote on bills affecting that interest. The State Ethics Act also calls on legislators to submit “personal service contracts” with state agencies to the Commission for approval.

"I talked with House attorneys, and I was told there wasn’t a need (to go to the ethics commission) because it was temporary employment and not contractual employment," Murray said.

The representative walked through the loophole in the law.

It was October, two months into the job, before he disclosed his position with the university to the commission. The panel was critical of Murray, even though it dismissed a complaint against him.

“Classic sweetheart deal

Mike O'Connell, counsel to the ethics commission, said Murray had indeed followed the "black letter of the law," while perhaps not the spirit of public disclosure.

At the same time, the commission found no evidence that Murray used his legislative position to create the job for himself. Nor did he perform any special favors for the university, it said.

“There was no influence peddling found on either side," O'Connell told the Center for Public Integrity.
holdings, client and family name information — and found that Washington’s "F-1, Personal Financial Affairs Statement" requires all of the above.

Washington is one of 22 states that require lawmakers to disclose employment income and investments for all members of their households.

Washington is one of only nine states that allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states require lawmakers to report the value or value range of their employment income and investments.

Washington is one of 20 states that require lawmakers to disclose some information about their business clients.

Public Service, Personal Gain in West Virginia
by Robert Moore

West Virginia Rep. Jerry Mezzatesta (D-Romney) taught public school students for 30 years before the Hampshire County School District decided that the social studies teacher was better suited for raising money than teaching.

In 1999, the district offered Mezzatesta a $41,000-a-year job as a grant writer and, in the process, set off a rare ethics firestorm over educators in the West Virginia legislature.

Fact is that Hampshire County couldn't have found a grant writer with more influence in the right places.

Mezzatesta is chairman of the House Education Committee and a member of the House Finance Committee, both panels with considerable sway over government funding for public education.

Case cannot be sanitized

Critics blasted Mezzatesta for taking a job they charged was akin to a paid lobbying position for schools in his home district.

Ironically, the strongest attacks on Mezzatesta for his new job came from members of the independent State Ethics Commission. The same commission signed-off on the hiring in a 6-3 vote taken after complaints about the hiring surfaced.

"The appearance of impropriety is so strong in his case it cannot be sanitized..." commissioner John charmock Jr., who voted against approval, told the Charleston Daily Mail.

Commissioner John Ellem, a lawyer, also voted against approval. "If you take a position like this, and you have a position in the legislature, it's a violation," he said.

Ethics Commission lacks power

Such strongly held views were not enough. West Virginia's Governmental Ethics Act requires a legislator to be excused, recused, or relieved from deciding on a matter that creates a conflict of interest particular to the individual lawmaker.

According to House rules, if a legislator is "immediately and particularly interested" in a matter being voted upon, he or she must announce the conflict and ask to be excused from voting.

Nothing in the Governmental Ethics Act gives the ethics panel authority to end Mezzatesta's relationship with the district, despite his influential post in the legislature.

"All of us would like the legislature to enlarge our powers," said Commission Chairman Norris Kantor. Until then, it cannot prevent a case like the Mezzatesta-Hampshire relationship.

"I had qualifications"

The panel, however, said it would be improper for Mezzatesta to use his power in the House to direct any grants to the Hampshire district. As a result, a job that had initially required him to secure private, state and federal dollars was narrowed to include solicitation of only private and federal grants.

From where he sits, Mezzatesta saw no conflict. In addition, he was the only applicant for the job. "Anyone in the system could have applied for that job. I had qualifications, and I applied for the job," he told the Charleston Gazette.

Potentials for Conflict: A Snapshot

Of West Virginia lawmakers in Office in 1998, who filed personal financial disclosures in 1999:

- 19% sat on legislative committees that regulated their professional or business interests.
- 12% had financial ties to businesses or organizations that lobby state government.
- 30% received income from a government agency other than the state legislature.

Note: Because information is for the calendar year 1998, the Center focused on the 100 West Virginia lawmakers who were in office in 1998. Lawmakers holding the interests listed above may not necessarily have a conflict of interest. This exercise was intended to measure the potential for conflict in each state.
Hampshire County School Superintendent Gerald Mathias agreed. "We see no conflict whatsoever in Mr. Mezzatesta taking this position," he said.

There are 55 public school districts in West Virginia and 11 of them employ or used to employ teachers who are now state lawmakers. Most were supporters of a 1998 bill, co-sponsored by Mezzatesta, which allowed time spent working in the legislature to be calculated into teacher retirement plans.

Months after the improvements to the teacher retirement system passed the Hampshire County school system promoted Mezzatesta to grant writer for the district.

From Hidden Agendas Report

West Virginia ranked 43rd in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. West Virginia received 36.5 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators' employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that West Virginia's "Financial Disclosure Statement" requires only employment and investment information.

West Virginia is one of 28 states that do not require lawmakers to disclose employment income and investments for all members of their households.

West Virginia is one of 19 states that do not require lawmakers to disclose their real property holdings.

West Virginia is one of 11 states that do not require lawmakers to disclose their officer or directorship positions.

West Virginia is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers' economic interests, because these states do not require lawmakers to report the value or value range of their income and holdings.

Public Service, Personal Gain in Wisconsin

by Ken Vogel

The National Federation of Independent Business blamed the insurance industry and a lack of legislative support for the failure of two 1997 bills that would have allowed small businesses to join forces to form pools for purchasing less expensive group health insurance for their employees.

William G. Smith, NFIB/Wisconsin director, told the Center for Public Integrity that after these bills failed, his group immediately started crafting another set of bills that would have the same effect, shifting its sights to the 1999 legislative session.

That session would usher in a new legislative class to the isthmus-straddling capital city of Madison. Smith said the NFIB began advocating for the measures even before the new crop took their seats. During the 1998 election, Smith said the NFIB, which claims 14,000 Wisconsin businesses as members, "raised the bar on [small business health insurance purchasing pools] as a political issue."

One newly elected lawmaker who was already sympathetic to the NFIB's cause was Rep. Mark L. Pettis, a Republican. Before winning his position in 1998, Pettis owned a convenience store in his hometown of LaFollette, Wis. After relinquishing his interest in the store, he went to work selling memberships for NFIB as a "contingent membership representative."

According to Therese Arbuckle, human resources coordinator at NFIB's national headquarters in Nashville, Tenn., Pettis quit his post with the federation on Dec. 19, 1999, less than one month before the start of his freshman term.

As the vice chair of the Assembly Committee on Small Business and Economic Development and a member of the Committee on Insurance, though, Pettis was in a position to help his former employer. When the NFIB finished reworking the small business health insurance purchasing pool legislation, Pettis signed on as a sponsor of the Assembly bill and co-sponsor of the companion Senate bill.

The Assembly bill went to Pettis' Committee on Small Business and Economic Development, which heard supporting testimony from Smith of the NFIB.

Pettis told the Center that he did not identify his past employment with NFIB when crafting or processing the legislation. Don Nelson, Pettis' chief of staff, said "everybody [on the committee] knew of his previous employment with NFIB."

Pettis asserted that he "followed the letter and the intent of
the law [when supporting the bill]."

**Ethics law explicit**

A look at Wisconsin ethics laws shows that Pettis may be right; the law prohibits lawmakers from working for an organization that is registered to lobby the legislature like NFffi, but allows candidates for the legislature to work for such organizations, if their employment meets certain criteria.

A candidate for state office can maintain a job **with** an organization registered to lobby the legislature if the job started more than one year before the candidacy was announced. If the job started less than a year before the candidate filed to run for office, the law places the legal burden on the candidate to show that the job and its benefits are unrelated to the candidacy.

Calls to NFffi headquarters in Nashville and the Wisconsin Elections Board proved that Pettis had not worked for NFIB for one year before he filed to run for the legislature; the NFIB's Arbuckle told the Center Pettis started work for the federation July 21, 1997. Meanwhile, Theresa Gerhards, an official at the Wisconsin Elections Board, said Pettis submitted his declaration of candidacy with the board on May 5, 1998, fewer than ten months after signing on with NFEB.

But Pettis told the Center he "had [his candidacy] cleared with the ethics board."

While Pettis said he does not maintain any ties to the NFffi, he continues to carry the group's banner on several issues. Pettis' committee passed the small business health insurance purchasing pool bill, and while the bill never became law, Smith said most of the key elements were included in a budget amendment assigning $400,000 to the program, which Gov. Tommy Thompson signed into law.

"It's a huge victory for us," said Smith of the budget amendment, which would allow all small companies the option of joining a purchasing pool that presumably will give them access to less expensive health insurance rates. The legislation created a board to help organize and promote the program, Smith said he will push to "have our membership represented [on the board] — we've got a lot invested in this."

Pettis said his support of the legislation had nothing to do with his former employer. "It wasn't for NFffi at all. It was for small business. It was a needed plan." Still, he acknowledged "being a member of NFffi and working for NFffi, I knew that that was [a bill] they had been working on for the last two or three years. It was a big issue."

Pettis in 1999 attached his name to at least eight bills on which his former employer reported lobbying and he cast at least two pro-NFIB votes in his small business committee after hearing testimony from Smith.

**Full-time pay for a half year's work**

While Wisconsin's legislature meets for less than five months out the year — the session officially runs from January 3 to May 14 — the Badger State pays its lawmakers $41,809 annually, not including a $75 per diem.

Pettis said he did not get another outside job after quitting NFffi; he works full-time as a legislator and supplements his salary with rental property income. Pettis reports on his 1998 statement of economic interests that either he or his wife owns a commercial property and a residential rental property in Hertel.

**From Hidden Agendas Report**

Wisconsin ranked sixth in the nation for making basic information on state legislators' private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate reports. Wisconsin, along with Texas, received 88 out of a possible 100 points.

The Center examined what it termed "basic," or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Wisconsin’s "Statement of Economic Interests" requires all of the above except family name information.
Wisconsin is one of 22 states that require lawmakers to disclose employment income and investments for all members of their households.

Wisconsin is one of 37 states that do not allow citizens to differentiate between minor and major sources of lawmakers’ economic interests, because these states do not require lawmakers to report the value or value range of their employment income. However, Wisconsin is one of 13 states that require lawmakers to report the value range of their investments.

Wisconsin is one of 20 states that require lawmakers to disclose some information about business clients.

Public Service, Personal Gain in Wyoming

by Robert Moore

In 1992, a group of well-heeled Wyoming businessmen formed the NEW Corp., and then dropped a figurative bombshell onto the people of Fremont County. The NEW Corp. unveiled a plan to bring the nuclear waste industry to Wyoming.

Led by a prominent Riverton, Wyo., attorney named Robert Anderson, the company proposed to build a $50 million facility to store used nuclear fuel generated at power plants around the United States. The plan called for 40,000 tons of radioactive waste to be shipped from as far away as Williamsburg, Va., to a 2,700-acre site in the foothills of Wyoming’s Owl Creek Mountain. There, the spent fuel would be encased in cement and kept for the next 40 years.

Environmentalists decried the Owl Creek Energy Project as a “mobile Chernobyl” that would unleash massive amounts of radioactive waste on the state.

Opponents rallied enough opposition to slow the required state and federal regulatory approvals. But the Owl Creek Energy Project had an inside track that could yet carry the controversial plan to fruition.

Cashing in on nuclear waste

Two insiders — Wyoming House Speaker Eli D. Bebout (R-Riverton) and Sen. Robert Peck (R-Riverton) — were on the founding board of directors of the Nuclear Energy West, aka the NEW Corp. They helped shepherd to passage the 1995 legislation that opened the door for nuclear waste storage in Wyoming. With a ready market of commercial power plants eager to dispose of nuclear fuel, the firm Bebout and Peck helped create stood to reap millions of dollars by cashing in on the nation’s toxic waste.

The NEW Corp. surfaced in 1992, after then-Gov. Mike Sullivan withdrew Wyoming from a list of possible sites for a publicly operated nuclear waste facility.

The move angered Wyoming’s politically powerful uranium mining companies, which favored the waste dump because it would help extend the lives of nuclear power plants, the biggest consumers of uranium. The theory was that power plants would use uranium mined in Wyoming to generate electricity; when the process was complete, the contaminated byproduct, nuclear waste, would make its way back to the Owl Creek site for safe storage. After four decades, the radioactive waste would be shipped to a second, permanent storage site somewhere in the western United States.

"Somebody came up with the idea that if the governor doesn’t like it because it’s government, let’s do it through private enterprise,” Anderson told the Riverton Ranger newspaper in 1997.

Uranium and newspaper interests

Bebout and Peck were at the heart of the private enterprise. According to 1999 personal financial disclosure reports, and other public records, Bebout and Peck also were entrenched in the Wyoming and the worldwide uranium mining industry.

Oil and gas mining provided the family fortune for Bebout and his brother, Nick. In the 1980s, the Bebout hit it big with the Nucor Inc. mining corporation and a series of related businesses. The brothers then hitched their financial fortunes to uranium, purchasing substantial shares in U.S. Energy Corp., one of the nation’s largest uranium mining companies. Nick Bebout was appointed to the U.S. Energy Corp. board of directors. Eli Bebout, the state representative, became a member of the board of Svilar Inc., which is owned by Daniel Svilar, another U.S. Energy Corp. board member.

Peck — publisher of two daily newspapers in Wyoming’s mining region — served on the board of directors of Power Resources Inc. Power Resources is a subsidiary of uranium-mining conglomerate, Cameco. The president of Power Resources was its statehouse lobbyist in Cheyenne.

Bebout and Peck say they had no financial interest in the NEW Corp. or the Owl Creek Energy Project when they voted on a 1995 bill that established a state permit and regulatory process for nuclear waste storage.

"Sen. Peck and I put this together to take out and see if there was some interest," Bebout said in a recent interview. "Then people tried to turn this into a conflict of interest, so I resigned."

Regardless, their ties to uranium mining - industries that would profit from the Owl Creek project - were never severed.

Saving the economy

Bebout and Peck wrote sections of the law authorizing the
Wyoming Department of Environmental Quality to regulate storage of spent nuclear fuel — in effect constructing the framework for NEW Corp. to do business. Among other things, the new law called on the state agency to study the health and safety impact of the Owl Creek project. The same law also permitted the NEW Corp. to fund much of the “independent” study with a $50,000 payment to hire experts.

Bebout and Peck worked as aggressively outside the legislature as they did inside.

Bebout, the president of the Wyoming Heritage Council, gave Anderson carte blanche to promote the Owl Creek Project to business leaders at Heritage Council forums. Anderson’s promotional forays were virtually guaranteed press coverage because, as one Wyoming newspaper put it, the Heritage Council was considered “the most powerful business group in the state.”

Favorable news coverage was extended as well from Fremont County’s leading newspaper, the Riverton Ranger. News accounts in the Ranger glossed over health and environmental concerns when publishing favorable stories about the Owl Creek project. The Ranger’s publisher is Sen. Peck.

In print, the Ranger touted Owl Creek Energy Project as the savior of the region’s sagging economy; it would bring new jobs. and, importantly, the paper said, it would stimulate Wyoming’s uranium industry. The pro-Owl Creek articles were reprinted in mining industry publications across the state and on the Internet.

In stories about the Owl Creek project, the publication did not let on that its publisher played a key role in writing legislation that opened the state to nuclear waste storage.

With passage of the 1995 enabling legislation, the Owl Creek Energy Project won the first round. Faced with continued opposition from environmentalists, the NEW Corp. has refrained from formally applying for a necessary permit from the state DEQ. It is moving ahead on other fronts, however. A 1999 report from the federal Nuclear Regulatory Commission said an application from the NEW Corp. was expected sometime in 2000.

No formal application had been filed as of April.

From Hidden Agendas Report

Wyoming ranked 41st in the nation for making basic information on state legislators’ private income, assets, and conflicts of interest available to the public.

The Center ranked each state based on the existence of financial-disclosure filings, access to these public records, basic disclosure requirements, and penalties on the books for late or inaccurate re-


- 20% sat on legislative committees that regulated their professional or business interests
- 5% had financial ties to businesses or organizations that lobby state government
- 23% received income from a government agency other than the state legislature

Note: Because information filed in 1996 was for the calendar year 1998, the Center focused on the 66 Wyoming lawmakers who were in office in 1998. Lawmakers holding the interests listed above may not necessarily have a conflict of interest. This exercise was intended to measure the potential for conflict in each state.

Wyoming received 45 out of a possible 100 points.

The Center examined what it termed “basic,” or minimal, disclosure requirements — legislators’ employment relationships, officer/director positions, investments, real-property holdings, client and family name information — and found that Wyoming’s “State Elected Officials Financial Disclosure” form requires employment, investment and officer/director information.

Wyoming is one of 28 states that do not require lawmakers to disclose employment income and investments for all members of their households.

Wyoming is one of 18 states that do not require lawmakers to disclose their real property holdings.

Wyoming is one of 41 states that do not allow citizens to differentiate between minor and major sources of lawmakers’ economic interests, because these states do not require lawmakers to report the value or value range of their employment income and investments.
Appendix: Nationwide Financial Disclosure Rankings

In February 1999, the Center released "Hidden Agendas: An Analysis of Conflicts of Interest in State Legislatures." Center researchers methodically evaluated financial-disclosure laws that apply to members of the legislatures in all 50 states, and ranked the states on basic disclosure components and access to public records. The report showed that nearly half of the states' disclosure systems fail to provide the public with basic information on state lawmakers' private interests. Here are the state rankings from that report.

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