

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

SECOND REGULAR SESSION - 1990

Legislative Document

No. 2061

H.P. 1481

House of Representatives, January 3, 1990

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27.

Reference to the Committee on State and Local Government suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative GWADOSKY of Fairfield.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY

An Act to Make Corrections in the Governmental Ethics Law.

(AFTER DEADLINE)

(EMERGENCY)



Emergency preamble. Whereas, Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

Whereas, the income disclosure forms that must be submitted
by Legislators and executive employees must be prepared prior to
the expiration of the 90-day period.

Whereas, in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
safety; now, therefore,

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 1 MRSA §1016-A, sub-§1, as enacted by PL 1989, c. 561,
§9, is amended to read:

1. Disclosure of Legislator's income. The Legislator
filing the statement shall name and give the address of each
specific source of income received as follows.

A. A Legislator who is an employee of another shall name
the employer and each other source of income of \$1,000 or
more.

B. A Legislator who is solely self-employed shall state
that fact and the name and address of the Legislator's
business. The Legislator shall name each source of income
derived from self-employment that represents more than 10%
of the Legislator's gross income or \$1,000, whichever is
greater, provided that if such this form of disclosure is
prohibited by law, rule or an established code of
professional ethics, the Legislator shall only specify the
principal type of economic activity from which the income is
derived. With respect to all other sources of income, a
self-employed Legislator shall name each source of income of
\$1,000 or more. The Legislator shall also indicate major
areas of economic activity and, if associated with a
partnership, firm, professional association or similar
business entity, the major areas of economic activity of
that entity.

C. In identifying the source of income, it shall be
sufficient to identify the name and address and the
principal type of economic activity of the corporation,
professional association, partnership, financial
institution, nonprofit organization or other entity or
person directly providing the income to the Legislator.

2 D. With respect to income from a law practice, it shall be
sufficient for attorneys-at-law to indicate their major
4 areas of practice and, if associated with a law firm, the
major areas of practice of the firm, in such manner as the
commission may require.

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8 **Sec. 2. 1 MRSA §1016-A, sub-§4**, as enacted by PL 1989, c. 561,
§9, is amended to read:

10 **4. Disclosure of income of immediate family.** The
Legislator shall disclose the type of economic activity
12 representing each source of income of \$1,000 or more that any
member of the immediate family of the Legislator received.

14
16 **Sec. 3. 1 MRSA §1016-B, sub-§1**, as enacted by PL 1989, c. 561,
§10, is amended to read:

18 **1. Definition.** For the purposes of this section,
"reportable liability" means any unsecured loan of ~~\$2000~~ \$3,000
20 or more received from a person not a relative. Loans from a
state or federally regulated financial institution, or any credit
22 card liability may not be considered a reportable liability under
this section.

24
26 **Sec. 4. 5 MRSA §19, sub-§2**, as repealed and replaced by PL
1989, c. 561, §15, is amended to read:

28 **2. Statement of sources of income.** Each executive employee
shall annually file with the Secretary of State a sworn and
30 notarized statement of finances for the preceding calendar year.
The statement shall indicate:

32
34 **A.** If the executive employee is an employee of another
person, firm, corporation, association or organization, the
name and address of the employer and each other source of
36 income of ~~\$1000~~ \$1,000 or more;

38 **B.** If the executive employee is self-employed, the name and
address of the executive employee's business and the name of
40 each source of income derived from self-employment that
represents more than 10% of the employee's gross income or
42 \$1,000, whichever is greater, provided that, if such this
form of disclosure is prohibited by statute, rule, or an
44 established code of professional ethics, the employee shall
specify the principal type of economic activity from which
46 the income is derived. With respect to all other sources of
income, a self-employed executive employee shall name each
48 source of income of \$1,000 or more. The employee shall also
indicate major areas of economic activity and, if associated
50 with a partnership, firm, professional association, or
similar business entity, the major areas of economic
52 activity of that entity;

- 2 C. The specific source of each gift received;
- 4 D. The type of economic activity representing each source
6 of income of \$1,000 or more that any member of the immediate
family of the executive employee received;
- 8 E. The name of each source of honoraria that the executive
employee accepted;
- 10 F. Each executive branch agency before which the executive
12 employee or any immediate family member has represented or
assisted others for compensation; and
- 14 G. Each executive branch agency to which the executive
16 employee or the employee's immediate family has sold goods
or services with a value in excess of ~~\$1,000~~ \$1,000.

18 In identifying the source of income, it shall be sufficient to
20 identify the name and address and principal type of economic
22 activity of the corporation, professional association,
partnership, financial institution, nonprofit organization or
24 other entity or person directly providing the income to the
individual.

26 With respect to income from a law practice, it shall be
28 sufficient for attorneys-at-law to indicate their major areas of
practice and, if associated with a law firm, the major areas of
practice of the firm.

30 Sec. 5. 5 MRSA §19, sub-§7, as enacted by PL 1989, c. 561,
32 §16, is amended to read:

34 **7. Disclosure of reportable liabilities.** Each executive
employee shall include on the statement of income under
36 subsection 2 all reportable liabilities incurred while employed
as an executive employee. For the purposes of this subsection,
38 "reportable liability" means any unsecured loan, except a loan
made as a campaign contribution recorded as required by law, of
40 ~~\$3,000~~ \$3,000 or more received from a person not a relative.
Loans from state or federally regulated financial institutions
42 and credit card liabilities may not be considered "reportable
liabilities" under this section. The executive employee shall
44 file a supplementary statement with the Secretary of State of any
reportable liability within 30 days after it is incurred. The
46 report shall identify the creditor in the manner of subsection 2.

48 **Emergency clause.** In view of the emergency cited in the
preamble, this Act shall take effect when approved.

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STATEMENT OF FACT

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This bill removes 2 standards of income disclosure unintentionally created by the recently enacted governmental ethics law. Under the recently enacted law, self-employed Legislators and self-employed executive employees are required to disclose all sources of income representing 10% or more of gross income or \$1,000, whichever is greater. All other Legislators and executive employees are required to disclose all sources of income of \$1,000 or more. This bill limits the 10% disclosure provisions to income from self-employment. All other income derived by self-employed Legislators and executive employees is subject to the \$1,000 provision.

This bill amends current law that provides for the disclosure of Legislators' income derived from self-employment. Under the current law, only Legislators who are "solely" self-employed must disclose this type of income. This bill provides that a Legislator who owns a business must disclose income from self-employment.

This bill also amends the income disclosure provisions relating to immediate family members of Legislators and executive employees. Under current law, all income of immediate family members must be disclosed. This bill requires the disclosure of income of \$1,000 or more that immediate family members receive. This income disclosure requirement retains the provision that the type of economic activity must be disclosed.

This bill provides that income subject to disclosure by the name of each source must also include the address of each source of reportable income. There are many subsidiaries of large national and international corporations operating in Maine that make this requirement necessary.

This bill clarifies the definition under current law of "reportable liability." The intent of this disclosure is to reveal personal unsecured loans. The bill specifically excludes credit card liabilities and bank loans from the reporting requirements.