

This Calendar Item No. 29
was approved as Minute Item
No. 29 by the State Lands
Commission by a vote of 3
to 0 at its 6/24-76
meeting

MINUTE ITEM

6/24/76
WGII

29. ADOPTION OF STATE LANDS DIVISION CONFLICT OF INTEREST
CODE PURSUANT TO THE POLITICAL REFORM ACT OF 1974 - W 21070.

During consideration of Calendar Item 29, Chairman Kenneth
Cory questioned whether there were any State Lands Division
employees who wished to address the Commission. He also
asked if there were any unresolved arguments pending with
the employees.

Mr. William Hayter, Legal Counsel, stated that one or two
employee organizations intend to make a unified effort
regarding some aspects of the Code. He indicated some
State Lands Division employees in Long Beach have stated
they intend to participate in that effort. However, Mr. Hayter
stated no employees have individual arguments pending.

Mr. Sid McCausland raised the question of what happens to an
employee who is an annuitant of an industry retirement fund,
with stock participation rights, who comes to work in State
service. Is he going to be required to divest himself to
remain an employee with the Division. Mr. Hayter indicated
that the Fair Political Practices Commission has determined
that an employee with a prior vested interest in a pension
fund from the private sector does not have to disclose his
interest when he joins State service.

After questions were asked from the Commission, the recommenda-
tion as presented in Calendar Item 29 attached was approved
by a vote of 3-0.

Attachment:

Calendar Item 83 (1 page)

CALENDAR ITEM

29.

6/76
W 21070
WCH

ADOPTION OF STATE LANDS DIVISION
CONFLICT OF INTEREST CODE
PURSUANT TO THE POLITICAL REFORM ACT
OF 1974

On June 4, 1974, the Political Reform Act of 1974 was enacted into law. Among the goals the Act seeks to achieve are:

1. Public employees should perform their duties in an impartial manner free from bias caused by their own financial interests.
2. Assets and income of public employees which may be materially affected by their official actions should be disclosed and, in appropriate circumstances, the employee should be disqualified from acting in order that conflicts of interest may be avoided.

In compliance with this law, the State Lands Division has prepared a proposed Conflict of Interest Code for Division employees.

Pursuant to the provisions of the Administrative Procedures Act, formal hearings were publicly noticed and conducted on June 1, 1976 in Sacramento and on June 7, 1976 in Long Beach. Written and oral statements presented at these formal hearings were directed at:

1. The unconstitutionality of the Division Code;
2. The application of the Code to lower level Division personnel who believe that they do not participate in making Division decisions and thus, should not be subject to the code;
3. Provisions of the Code regarding disqualification and public access to financial disclosure statements filed in compliance with the law.

Government Code Section 82011(a) provides that the Fair Political Practices Commission is charged with the responsibility of approving or disapproving all Conflict of Interest Codes for State agencies. Furthermore, pursuant to Government Code Section 87303, the Fair Political Practices Commission has directed that the State Lands Division submit its proposed Code on or before July 10, 1976. Following approval of the Division's Conflict of Interest Code by the Fair Political Practices Commission, it will then be published as part of the California Administrative Code.

IT IS RECOMMENDED THAT THE COMMISSION ADOPT THE CONFLICT OF INTEREST CODE FOR THE STATE LANDS DIVISION IN COMPLIANCE WITH THE POLITICAL REFORM ACT OF 1974. SAID CODE IS ON FILE WITH THE STATE LANDS DIVISION AND BY REFERENCE MADE A PART HEREOF.