From: Haley, Nikki <govhaley@gov.sc.gov>
To: Schimsa, RebeccaRebeccaSchimsa@gov.sc.gov
CC: Pitts, TedTedPitts@gov.sc.gov
Veldran, KatherineKatherineVeldran@gov.sc.gov
Patel, SwatiSwatiPatel@gov.sc.gov
Date: 4/8/2014 9:56:27 PM
Subject: Re: Notes from House Sub on H.3945, Ethics Reform

All good stuff. I still believe the lawyer provision needs to be in there.

Sent from my iPad

On Apr 8, 2014, at 6:02 PM, "Schimsa, Rebecca" <RebeccaSchimsa@gov.sc.gov> wrote:

> Governor, Ted, and Katherine,
>
> This afternoon, Swati and I attended the second Subcommittee meeting on the Ethics Reform Bill. Almost every member had the Governor's letter in front of them during the meeting, and it was referenced by Reps. Pope and Hamilton more than once to inquire whether provisions being discussed would meet the Governor's standard. Three topics were covered during the meeting:
>
> **(1) INDEPENDENT INVESTIGATIONS:** The Subcommittee adopted Chairman Delleney's amendment, **an entirely new proposal.** Here is a brief overview:
>
> - The amendment creates a new entity, the "Committee on Ethics Enforcement and Disclosure" and abolishes all current ethics entities (i.e. State Ethics Commission, House and Senate Ethics Committees, and Commission on Judicial Conduct).
> - The new Committee will be composed of 12 appointed members: (2) by the House; (2) by the Senate; (4) by the Governor; and (4) by the Supreme Court.
> - The new Committee will oversee members of all three branches of government as it relates to ethics violations, including receiving complaints, investigations, adjudication, and sentencing. (Our understanding is that the new Committee will have two sets of rules: The Ethics Act for the Executive and Legislative Branches; and the Rules on Judicial Conduct for the Judicial Branch.)
>
> Obviously, there were discussions of constitutional concerns with this structure as it relates to the judiciary as well as concerns about whether the Senate would even consider adopting a structure like this. ****Due to these concerns, we will certainly be vetting this provision further.****
>
> **(2) INCOME DISCLOSURES:** The Subcommittee adopted the Senate version of income disclosures, which is stronger than the House version. Recall that this includes all sources of private income and specific sources from lobbyist's principals, governmental entities, or a source regulated by the filer's level of government. (Reps. Pope and McLeod made this motion.)
>
> **(3) LEADERSHIP PACs:** The Subcommittee adopted the Senate version relating to non-candidate committees (Leadership PACs), because it is thought to be stronger than the House version. (Rep. Quinn made this motion.)
>
> The next meeting will be held this Thursday.

Thank you,

Rebecca

From: Schimsa, Rebecca
Sent: Thursday, April 03, 2014 2:57 PM
To: 'Haley, Nikki; Pitts, Ted; 'Katherineveldran@gov.sc.gov'
Cc: Patel, Swati
Subject: Notes from House Sub on H.3945, Ethics Reform

Governor, Ted, and Katherine,

Swati and I attended the House Con Laws Subcommittee today, which met on H. 3945, the Ethics Reform Bill. Below are highlights from the meeting.

OVERVIEW: Chairman Delleney charged the Subcommittee to cover four "big ticket items": (1) Structure; (2) Enforcement; (3) Income Disclosures; and (4) Penalties. House Staff prepared a side-by-side using the McMaster-Medlock Report and the GOP Caucus Recommendations as a guide.

ACTION TAKEN: Rep. Bannister suggested to go through the bill to quickly adopt/delete items that had great consensus, which are listed below. All other items were passed over for later discussion.

- Items Adopted:
  - Intellectual Property Rights (MM #11); and
  - Debt Retirement (GOP Caucus).
- Items Deleted: (Rationale: These items were NOT included in either the House or Senate versions.)
  - Ballot Fix (MM #1; S.2);
  - Fiduciary Positions (MM #3);
  - Two-Year prohibition for legislators to elect those they represent (MM #5);
  - ***Requirement for legislators to report fees when the State is an opposing party (MM #7);
  - Use of State Plane for press conferences (MM #10);
  - Mail and Wire Fraud (MM#17);
  - Requirement to pay ethics fines before running for office (GOP Caucus);
  - Disclosure by lobbyists of any income received from a lobbyist principal (GOP Caucus);
  - Increase in campaign contribution limits to $5,000 statewide (GOP Caucus).

GENERAL DISCUSSION: Reps. McLeod and Pope commented that there is a need for independent investigations. Reps. Quinn and Pope asked staff to seek feedback from the State Ethics Commission and Senate Ethics Committee for any "small" technical changes that would be helpful fixes. Rep. Quinn offered to remove the local lobbying provision, which he thought might be a sticking point that would hold up the entire bill – this provision was passed over (MM #12).

ADDITIONAL MEETINGS: Chairman Delleney scheduled three additional meetings: Next Tuesday after Full Judiciary; Next Thursday upon Adjournment; and Wednesday, April 23rd at 10:00 a.m. They decided to debate two of the big ticket items, Structure and Enforcement, on Tuesday.

Thank you.

Rebecca S. Schimsa
Deputy Legal Counsel
Office of Governor Nikki R. Haley
O: 803-734-6068 | C: 803-429-4561