

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2738 Session of  
2008

INTRODUCED BY NICKOL, MANN, BAKER, BEAR, BOYD, CIVERA, CLYMER,  
FAIRCHILD, FLECK, GIBBONS, GODSHALL, HENNESSEY, KOTIK,  
MARSHALL, MELIO, R. MILLER, MILNE, NAILOR, PHILLIPS, PICKETT,  
QUINN, ROAE, ROCK, RUBLEY, SAYLOR, SCAVELLO, SONNEY, STERN,  
SWANGER AND WATSON, AUGUST 21, 2008

REFERRED TO COMMITTEE ON STATE GOVERNMENT, AUGUST 21, 2008

AN ACT

1 Amending the act of April 9, 1929 (P.L.343, No.176), entitled,  
2 as amended, "An act relating to the finances of the State  
3 government; providing for the settlement, assessment,  
4 collection, and lien of taxes, bonus, and all other accounts  
5 due the Commonwealth, the collection and recovery of fees and  
6 other money or property due or belonging to the Commonwealth,  
7 or any agency thereof, including escheated property and the  
8 proceeds of its sale, the custody and disbursement or other  
9 disposition of funds and securities belonging to or in the  
10 possession of the Commonwealth, and the settlement of claims  
11 against the Commonwealth, the resettlement of accounts and  
12 appeals to the courts, refunds of moneys erroneously paid to  
13 the Commonwealth, auditing the accounts of the Commonwealth  
14 and all agencies thereof, of all public officers collecting  
15 moneys payable to the Commonwealth, or any agency thereof,  
16 and all receipts of appropriations from the Commonwealth,  
17 authorizing the Commonwealth to issue tax anticipation notes  
18 to defray current expenses, implementing the provisions of  
19 section 7(a) of Article VIII of the Constitution of  
20 Pennsylvania authorizing and restricting the incurring of  
21 certain debt and imposing penalties; affecting every  
22 department, board, commission, and officer of the State  
23 government, every political subdivision of the State, and  
24 certain officers of such subdivisions, every person,  
25 association, and corporation required to pay, assess, or  
26 collect taxes, or to make returns or reports under the laws  
27 imposing taxes for State purposes, or to pay license fees or  
28 other moneys to the Commonwealth, or any agency thereof,  
29 every State depository and every debtor or creditor of the  
30 Commonwealth," providing for limitations on investment  
31 relationships and campaign contributions.

1 The General Assembly of the Commonwealth of Pennsylvania  
2 hereby enacts as follows:

3 Section 1. The act of April 9, 1929 (P.L.343, No.176), known  
4 as The Fiscal Code, is amended by adding a section to read:

5 Section 311. Limitations on Investment Relationships and  
6 Campaign Contributions.--(a) (1) The Treasury Department shall  
7 not enter into an investment relationship with a person who has  
8 solicited any contribution on behalf of or made any contribution  
9 to a candidate committee or election fund of the State Treasurer  
10 or any candidate for State Treasurer. This prohibition shall  
11 apply to solicitations and contributions made by the person, by  
12 an individual representing the person or by a political action  
13 committee controlled by the person.

14 (2) No person who has agreed to or entered into an  
15 investment relationship with the Treasury Department shall  
16 knowingly solicit or make any contribution to a candidate  
17 committee or election fund of the State Treasurer or any  
18 candidate for State Treasurer. This prohibition shall apply to  
19 solicitations and contributions made by the person, by an  
20 individual representing the person or by a political action  
21 committee controlled by the person.

22 (b) Subsection (a) shall apply to the time period which  
23 begins two years prior to the following dates and ends upon the  
24 termination of the investment relationship:

25 (1) the date upon which the Treasury Department first  
26 announces a procurement or search process that could lead to an  
27 investment relationship which can reasonably be expected to  
28 generate at least twenty-five thousand dollars (\$25,000)  
29 annually in income, fees or other revenue to the person; or

30 (2) the date upon which a person approaches the Treasury

1 Department with a proposal to enter into an investment  
2 relationship with the Treasury Department by discussing the  
3 specific facts and financial terms of a particular investment  
4 transaction or strategy.

5 (c) The State Ethics Commission shall cause an independent  
6 investigation to be performed for any reported violation of this  
7 section and report any documented violation to the State  
8 Treasurer for action within ten business days of the conclusion  
9 of the independent investigation. Copies of this report shall  
10 also be submitted to the chairman of the Appropriations  
11 Committee of the Senate and the chairman of the Appropriations  
12 Committee of the House of Representatives within ten business  
13 days of the conclusion of the independent investigation. The  
14 State Ethics Commission shall submit the report to the  
15 Legislative Reference Bureau for publication in the next  
16 succeeding publication of the Pennsylvania Bulletin.

17 (d) If a person seeking an investment relationship with the  
18 Treasury Department is found to be in violation of this section,  
19 the person shall be prohibited from engaging in an investment  
20 relationship with the Treasury Department for a period of two  
21 years. A person who has an existing investment relationship with  
22 the Treasury Department and who is found to be in violation of  
23 the provisions of this section shall be prohibited from  
24 providing any additional investment services for the Treasury  
25 Department for a period of two years.

26 (e) If a person voluntarily reports a violation of this  
27 section to the State Ethics Commission within ninety days of the  
28 contribution's being made, and it is established pursuant to an  
29 independent investigation that the violation was inadvertently,  
30 unintentionally or unknowingly made and the contribution was

1 returned, the provisions of subsection (d) shall not apply.

2 (f) As used in this section, the following words and phrases  
3 shall have the meaning given to them in this subsection:

4 "Contribution." A contribution reportedly by the recipient  
5 under Article XVI of the act of June 3, 1937 (P.L.1333, No.320),  
6 known as the "Pennsylvania Election Code."

7 "Investment relationship." A relationship between a person  
8 and the Treasury Department for the purpose of providing  
9 investment services such as legal services, investment banking  
10 services, investment advisory services, underwriting services,  
11 financial advisory services or brokerage firm services for  
12 brokerage, underwriting and financial advisory activities.

13 "Person." An individual, organization or partnership  
14 currently engaged in or seeking to engage in an investment  
15 relationship with the Treasury Department where the relationship  
16 can reasonably be expected to generate at least twenty-five  
17 thousand dollars (\$25,000) annually in income, fees or other  
18 revenue to the individual, organization or partnership and shall  
19 specifically include:

20 (1) Authorized or key personnel as defined or identified by  
21 a contracting party by being attached to the contract.

22 (2) Persons who expect to or do experience a material  
23 financial effect on their economic interests, including salary,  
24 bonuses, options or other financial incentives directly deriving  
25 from an investment relationship.

26 Section 2. The addition of section 311 of the act shall  
27 apply to contributions and investment relationships made or  
28 entered into after November 30, 2010.

29 Section 3. This act shall take effect in 60 days.