

**REVENUE:** No revenue impact

**FISCAL:** No fiscal impact

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<b>Action:</b>	Do Pass
<b>Vote:</b>	5 - 0 - 0
<b>Yeas:</b>	Atkinson, Burdick, Ferrioli, Metsger, Devlin
<b>Nays:</b>	-
<b>Exc.:</b>	-
<b>Prepared By:</b>	Erin Seiler, Administrator
<b>Meeting Dates:</b>	4/7, 5/15

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**WHAT THE MEASURE DOES:** Modifies who can serve as trustee of legal expense trust fund. Allows public official to appoint trustee or serve as own trustee of fund. Removes provision prohibiting public official from soliciting contributions to trust fund. Declares an emergency; effective upon passage.

**ISSUES DISCUSSED:**

- Establishment of legal trust funds under Senate Bill 10 (2007)
- Value of having legal trust fund separate from a candidate's campaign fund
- Transparency for contributors
- Requirements for the establishment of a legal trust fund
- Current legal responsibility for the administration and accounting of legal trust fund
- Constitutionality of prohibiting a candidate from rising monies for legal trust fund

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** Senate Bill 10 (2007) prohibited public officials from using excess campaign contributions to defray the cost of legal expenses related to a civil or criminal action or to pay a civil penalty imposed by an agency or public body. In turn, the measure authorized public officials to create legal expense trust funds, distinct from campaign fund accounts, to defray such legal expenses. ORS 244.205 allows a public official to establish a legal expense trust fund if the individual incurs or reasonably expects to incur legal expenses. The monies in the trust fund may be used to defray civil, criminal or other expenses incurred as a result of a legal proceeding or investigation relating to the execution of the duties of a public official.

A public official who wants to establish a legal trust fund must file an application with the Oregon Government Ethics Commission (OGEC). OGEC is responsible for authorization and certification of a legal trust fund, monitoring fund activities, ensuring financial compliance, and proper termination of the fund. An application to OGEC must designate a trustee who is responsible for receiving and depositing funds, authorizing expenditures and disbursements, and meeting OGEC reporting requirements.

Currently, a public official is prohibited from acting as their own trustee, as are their relatives, attorneys, and individuals who have a business or employment relationship with public official. The individual is also prohibited from soliciting, receiving or handling contributions, serving as the trustee of their own fund, and using the fund for personal use.

Senate Bill 773 removes the restrictions on who can serve as the trustee for a legal trust fund, allowing the public official or an individual designated by the public official, to serve as trustee. The legal trust fund would remain a separate fund for a public official's campaign fund.

5/20/2009 10:55:00 AM

***This summary has not been adopted or officially endorsed by action of the committee.***