

HOUSE STATE AFFAIRS COMMITTEE

HOUSE BILL 16

Campaign Finance

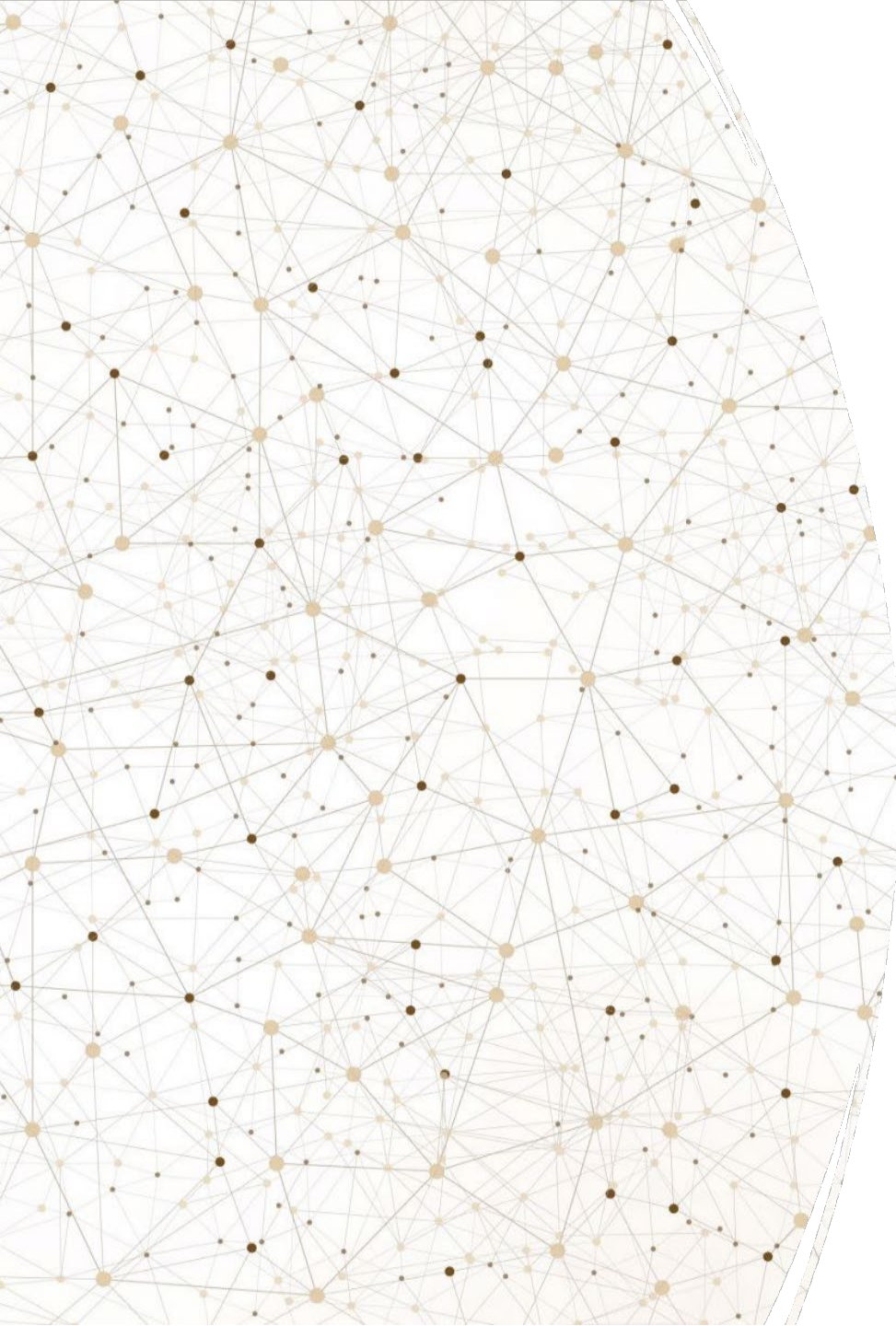
Office of Representative Calvin Schrage
(907) 465-4931
Rep.Calvin.Schrage@akleg.gov



Presented by Amanda Ndemo

(907) 465-4931

Amanda.Ndemo@akleg.gov



Why is this bill necessary?

BACKGROUND

In 2021, a federal court ruled that Alaska's lower than average campaign contribution limits unconstitutionally restricted free speech. Governor Dunleavy declined to have the matter reconsidered and the legislature failed to pass reforms.

This leaves Alaska's elections vulnerable to unlimited contributions on state elections by wealthy donors and having no limit magnifies the influence that these wealthy individuals have over elected officials.

When money is speech, the average citizen's voice can be easily drowned out. It's time for Alaska to set reasonable limits on campaign finance.

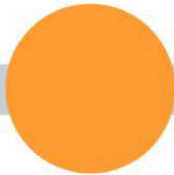
History of Alaska's Political Contribution Limits

Legislature
1974

\$1000

Alaska Legislature
establishes first limits
on campaign
contributions

Ballot Initiative
1995



Citizens begin an
initiative to lower
limit to \$500 and
restrict all out of
state donations

Legislature
1996

\$500

Legislature acts
pre-emptively to the
citizen's initiative
and reduce limits
to \$500

Legislature
2003

\$1000

Legislature
raises limit
to \$1,000

Ballot Initiative
2006

\$500

Citizens' Initiative
passes with 73%
support, lowering
limit to \$500

APOC 2021

\$1500

9th Circuit Court rules
Alaska's limits
unconstitutionally low.
APOC responds with
an Advisory Opinion
recommending
\$1,500 limit

Today

No
Limits

APOC votes down
staff advisory opinion,
resulting in no
contribution limits.
APOC calls on the
Legislature to act.

History of Contribution Limits in Alaska

Year	History	Individual Limit	2024 Equivalent
1974	Legislature - ch. 76 sec. 1, SLA 1974	\$1,000	\$5,303
1996	Citizens' Initiative / Legislature - SB 191	\$500	\$933
2003	Legislature - SB 119	\$1,000	\$1,638
2006	Citizens' Initiative - Ballot Measure 1	\$500	\$751
2021	APOC - Staff Issues Advisory Opinion	\$1,500	\$1,684
2022	APOC - Commissioners Reject Staff Advisory Opinion	Unlimited in and out-of-state donations	N/A

Thompson v. Hebdon

- **Plaintiffs sued** challenging Alaska's political contribution limits and aggregate out-of-state limits.
- **The District Court and Ninth Circuit Court of Appeals initially upheld the individual limits** as a "sufficiently important state interest" and "closely drawn" to that end but ruled the out-of-state contribution limits were unconstitutional.
- **The U.S. Supreme Court remanded this decision back to the Ninth Circuit** to reconsider their decision. They urged the Ninth Circuit to apply the "five factor test" in the *Randall v. Sorrell* (2006) decision, which ruled Vermont's \$400 contribution limit unconstitutional.
- In 2021, **the Ninth Circuit struck down Alaska's statutory political contribution limits** on the basis that they were too low and had not been adjusted for inflation since initially implemented.



Where are we now?

- In 2021, the Alaska Public Offices Commission (APOC) issued an advisory opinion under AS 15.13.374 that they would enforce annual \$1,500 individual-to-candidate and \$3,000 group-to-candidate contribution limits. APOC's staff based the advisory opinion on the limits established by the Alaska Legislature in 2003 (\$1,000 individual-to-candidate) increased for inflation.
- On March 3rd, 2022, APOC's five commissioners voted on whether or not to accept the staff's advisory opinion. Three out of the five commissioners voted in support of the advisory opinion. Four votes were required and so the staff's advisory opinion was not accepted.
- APOC in their decision "implored" the Legislature to swiftly revisit the state's campaign finance laws in order to balance the federal court's order "with the desire of Alaska voters."
- Alaska has no individual-to-candidate limits, out-of-state contribution limits, or individual-to-group limits, opening our state and local elections to unlimited and outside funding.

How does HB 16 create fair and constitutional contribution limits?

- **Reinstates Fair, Reasonable, and Constitutional Contribution Limits** - Reinstates campaign contribution limits enacted by Alaskan voters. These limits based on the 2006 limits adjusted for inflation and the new two-year campaign period.
- **Establishes limits to an election cycle** – Limits contributions to an “election cycle”, ensuring consistent limits regardless of election timing or candidate entry date.
- **Limits are indexed for inflation** - Requires Alaska Public Offices Commission (APOC) to index political contribution limits every ten years based on inflation, beginning in 2031.



Proposed Contribution Limits

Category	Old Limits (per year)	New Limits (per campaign)
Individual to candidate limits	\$500 (~\$751 ¹)	\$2,000
Individual to a political party or other group limits		\$5,000 ²
Non-political party to group, nongroup entity, or political party		
Non-political party to individual		\$4,000
Non-group entity to non-group entity	\$1,000	\$4,000
Individual to joint campaign for Gov. and Lt. Gov.	(~\$1,501 ³)	
Group to joint campaign for Gov and Lt. Gov.	\$2,000 (~\$3,003 ⁴)	\$8,000

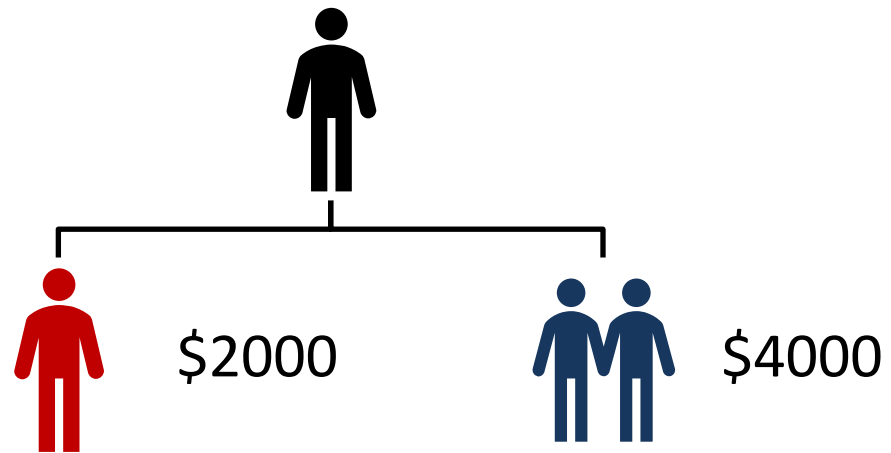
¹ Previous 2006 limits adjusted for inflation based on 2024 CPI data from the Alaska Dept. of Labor and Workforce Development.

² Not applicable to an individual, group, or nongroup entity contributing to a group or nongroup entity that makes independent expenditures.

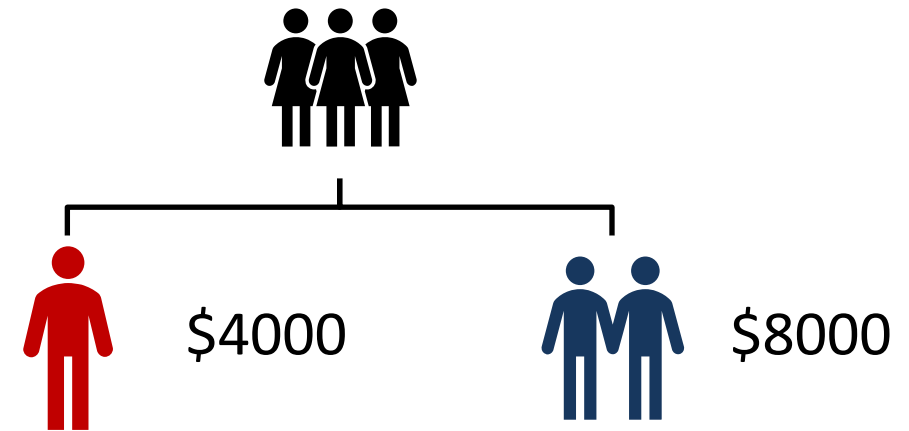
³ See supra note 1.

⁴ Id.

Individual Donation Limits



Group and Non-Group Donation Limits



*All limits set to an election cycle (2 fundraising years).

Constitutionality of Individual Limits

Applying the “five factor test” from the decision in ***Randall v. Sorrel***

2006 BM 1

HB 16

1.	Are the limits so low that they risk disadvantaging challengers compared to incumbents?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2.	Are the limits unduly restrictive on the ability of political parties to support their candidates?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3.	Are volunteer services or expenses considered contributions that would count toward the limit?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.	Are the limits adjusted for inflation?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
5.	Is there a “special justification” warranting a contribution limit so low or so restrictive that is based on a valid government interest?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

What this legislation achieves

Makes Alaska's Limits Constitutional - This initiative brings Alaska's individual-to-candidate and individual-to-group political contribution limits in compliance with the Thompson v Hebdon court decision.

Reestablishes Limits Alaska's voters support - This initiative reestablishes the contribution limits previously enacted by voters in 2006, adjusted for inflation.

- 1996 initiative garnered 73% voter approval, and 85% of those polled supported campaign finance reform.

Immediate and Narrow - This initiative is an immediate and narrow solution to the court's striking down of our voter approved campaign contribution limits.