

**ALASKA STATE LEGISLATURE  
HOUSE STATE AFFAIRS STANDING COMMITTEE**

February 10, 2022

3:12 p.m.

**MEMBERS PRESENT**

Representative Jonathan Kreiss-Tomkins, Chair  
Representative Matt Claman, Vice Chair  
Representative Geran Tarr  
Representative Andi Story  
Representative Sarah Vance  
Representative James Kaufman  
Representative David Eastman

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 245

"An Act relating to political contribution limits; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 234

"An Act relating to political contributions; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 251

"An Act relating to the Board of Trustees of the Alaska Permanent Fund Corporation; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 245

SHORT TITLE: POLITICAL CAMPAIGN CONTRIBUTION LIMITS

SPONSOR(S): REPRESENTATIVE(S) JOSEPHSON

01/18/22            (H)            PREFILE RELEASED 1/7/22

01/18/22 (H) READ THE FIRST TIME - REFERRALS  
01/18/22 (H) STA  
02/01/22 (H) STA AT 3:00 PM GRUENBERG 120  
02/01/22 (H) Heard & Held  
02/01/22 (H) MINUTE (STA)  
02/10/22 (H) STA AT 3:00 PM GRUENBERG 120

BILL: HB 234

SHORT TITLE: POLITICAL CONTRIBUTION LIMITS

SPONSOR(S): REPRESENTATIVE(S) SCHRAGE

01/18/22 (H) PREFILE RELEASED 1/7/22  
01/18/22 (H) READ THE FIRST TIME - REFERRALS  
01/18/22 (H) STA  
02/01/22 (H) STA AT 3:00 PM GRUENBERG 120  
02/01/22 (H) Heard & Held  
02/01/22 (H) MINUTE (STA)  
02/10/22 (H) STA AT 3:00 PM GRUENBERG 120

**WITNESS REGISTER**

REPRESENTATIVE JOSEPHSON  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Provided introductory remarks, as the prime sponsor of HB 245.

MAX KOHN, Staff  
Representative Andy Josephson  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 245, on behalf of Representative Josephson, prime sponsor.

ALPHEUS BULLARD, Legislative Counsel  
Legislative Legal Services  
Legislative Affairs Agency  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 245.

MORGAN GRIFFIN, Assistant Attorney General  
Department of Law  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 245.

TOM LUCAS, Campaign Disclosure Coordinator  
Alaska Public Offices Commission  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 245.

REPRESENTATIVE SCHRAGE  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 234, as the prime sponsor.

ERIK GUNDERSON, Staff  
Representative Calvin Schrage  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 234, on behalf of Representative Schrage, prime sponsor.

#### **ACTION NARRATIVE**

[3:12:42 PM](#)

**CHAIR JONATHAN KREISS-TOMKINS** called the House State Affairs Standing Committee meeting to order at 3:12 p.m. Representatives Vance, Kaufman, Eastman, Story, and Kreiss-Tomkins were present at the call to order. Representatives Claman and Tarr arrived as the meeting was in progress.

^#hb245

#### **HB 245-POLITICAL CAMPAIGN CONTRIBUTION LIMITS**

[3:15:56 PM](#)

CHAIR KREISS-TOMKINS announced that the first order of business would be HOUSE BILL NO. 245, "An Act relating to political contribution limits; and providing for an effective date."

[3:16:24 PM](#)

REPRESENTATIVE JOSEPHSON, Alaska State Legislature, prime sponsor, provided some historical context on HB 245. He reminded the committee that the 9th Circuit Court of Appeals found Alaska's contribution limits to be too low, adding that the main concern was the lack of indexing. He explained that the proposed legislation includes indexing for inflation every

five years; further, that HB 245 proposes a limit of \$700 for House races, \$1,000 for Senate races, and \$1,500 for statewide races. He reported that 25 other states utilize graduated limits, 14 states utilize one limit, and 10 states are without any limits, indicating that the practice of instituting graduated limits is a typical concept. He relayed that for a candidate to communicate with all 18,000 citizens in a House district via a piece of campaign literature, it costs roughly \$4,000; accordingly, it costs \$8,000 to communicate with [all 36,000] citizens in a Senate District. Therefore, he reasoned that implementing a graduated limit would make sense. He referenced Randall v. Sorrell and suggested that HB 245 would check all five of the "tests" applied by the 9th Circuit Court of Appeals. He noted that Alaska's current laws only check several of the tests. In conclusion, he added that the proposed legislation speaks to the "out-of-state issue," which has been a historic concern in Alaska.

CHAIR KREISS-TOMKINS invited questions from committee members.

[3:20:45 PM](#)

REPRESENTATIVE EASTMAN asked whether the goal was to institute a limit low enough to appease the court or whether \$700 was selected for a different reason.

REPRESENTATIVE JOSEPHSON explained that Alaskans had expressed a desire for a limit of \$500; however, the 9th Circuit Court of Appeals opposed that limit without prescribing a favorable option. He noted that the courts tend to offer guidance and insist on indexing. Consequently, he said, a limit of \$700 was arrived at by indexing \$500 for inflation. Further, he acknowledged that there's an existing philosophy that campaign limits are valuable tools to avoid quid-pro-quo corruption. He pointed out, via a diagram [included in the committee packet], that only 10 states dispense with campaign limits entirely.

REPRESENTATIVE EASTMAN inquired about the five-year "reset" in terms of inflation rate. He asked how the new amount would be announced, as it would appear to fall in the middle of an election cycle. He questioned whether donations that had already been received for that election cycle would apply retroactively.

REPRESENTATIVE JOSEPHSON deferred to Mr. Kohn.

[3:22:49 PM](#)

MAX KOHN, Staff, Representative Andy Josephson, Alaska State Legislature, explained the proposed indexing cycle. He stated that the cycle would start in the first quarter of calendar year 2023, thus following the 2022 elections and presumably well before most campaigning starts for the 2024 elections. The next cycle would start 5 years after that in January 2028. He suggested that if it were the will of the committee to change the timing to avoid disrupting campaigns, a cycle of either four or six years would remain within the scope of the bill.

[3:23:47 PM](#)

REPRESENTATIVE VANCE directed attention to Section 6 and inquired about nonresident contributions. She believed that if there is concern about limiting outside interest, 50 percent of the total contributions is much more generous than the prior graduated approach. She expressed her support for utilizing percentages; however, she asked how 50 percent was arrived at.

REPRESENTATIVE JOSEPHSON conceded that 50 percent is not grounded in mathematics in the same way the \$700 limit is. He concluded that after reading all the literature on the decisions made by the 9th Circuit Court of Appeals and the Supreme Court, "no more than 50 percent" seemed reasonable.

REPRESENTATIVE VANCE asked how the candidates, as well as the Alaska Public Office Commission (APOC), would implement that while campaign contributions come in.

REPRESENTATIVE JOSEPHSON said he was open to guidance in terms of amendments to improve the bill. He acknowledged that it would be something that a candidate would have to monitor.

[3:27:21 PM](#)

REPRESENTATIVE KAUFMAN opined that the bill seemed to "double down" on the inherent challenges of running for election in a district with a smaller population.

REPRESENTATIVE JOSEPHSON said he didn't understand the question.

REPRESENTATIVE KAUFMAN remarked, "If it's reasonable to scale the dollar value down for the seat since the population is already scaled down and you have fixed costs. So, let's just say you're going to buy a radio commercial ... [that] would overlap, and it cost what it cost in that marketplace, so the

House candidate is already at a numerical disadvantage because of the population that might be interested in donating to the race, whereas the Senate has double that population to draw from. ... And if you have a dollar value reduction for that position, as well as the smaller population, it seems like it's challenging that process a little bit."

REPRESENTATIVE JOSEPHSON deferred to Mr. Kohn.

MR. KOHN noted that the courts are often interested in whether a challenger has a fair chance against an incumbent. He said it might be fair to compare two candidates within a House race; however, comparisons between a House and a Senate race have not been drawn.

REPRESENTATIVE KAUFMAN clarified that he wasn't comparing a House and Senate race "in terms of the challenge." He reiterated his assertion that there are certain barriers to entry to run for office. He stated:

If you have a sample population that's smaller and you have a dollar value limit that's lower, but you have certain pieces of the process that cost what they cost no matter if you're campaigning to a House or a Senate district, [such as] a radio commercial ... it just seems like it's kind of doubling down on and making it that much more challenging for that race by limiting it.

REPRESENTATIVE JOSEPHSON pointed out that Representative Kaufman had suggested that donations come from within the district. He contended that donations generally come from outside a candidate's district. He said he was not fully understanding the question.

REPRESENTATIVE KAUFMAN expressed his hope that a significant portion of donations come from within the district. He maintained his belief that smaller districts face larger challenges.

[3:33:50 PM](#)

REPRESENTATIVE EASTMAN said he applauded the sponsor's effort to honor the peoples' expressed will in terms of campaign limits; however, he pointed out that when those votes were cast, the circumstances were much different than they are today. He referenced Citizens United v. Federal Election Commission and Ballot Measure 2, opining that both would likely change how

people vote on the issue today. He asked whether the changing nature of expenses going into a post [Proposal 2] election had been modeled and whether the bill sponsor had considered how much more those races might cost. He anticipated that general election costs would be higher.

REPRESENTATIVE JOSEPHSON said he had not performed any modeling and would not know how to model that scenario.

REPRESENTATIVE EASTMAN asked, "How should we be looking at the fact that you have an opportunity for almost unlimited money and yet, we're having a relatively small limit of \$700?"

REPRESENTATIVE JOSEPHSON pointed out that using the benefits of Citizens United and PAC [political action committee] contributions, an individual could generously give to those entities. He emphasized that the prohibition is on them coordinating with the candidate. He reiterated that both the Supreme Court and the 9<sup>th</sup> Circuit have expressed that campaign contribution limits are important to prevent quid-pro-quo corruption.

REPRESENTATIVE EASTMAN asked whether the proposed limit would actually solve any potential harm in the relationship between a donor and a candidate.

REPRESENTATIVE JOSEPHSON said, with great respect, "I can't make the world perfect ... I'm trying to make it better." He noted that the courts have had similar conversations, to which they said "Katy bar the door" when it comes to a PAC because of the First Amendment interest; however, direct contributions are okay to protect democracy. He indicated that the intent is to control the amount of money coming in, as well as to emphasize that \$20 from an individual is meaningful too.

[3:41:01 PM](#)

REPRESENTATIVE CLAMAN interpreted the [9th Circuit Court of Appeals] opinion to indicate that in terms of campaign contributions, First Amendment rights could be restricted on the basis of quid-pro-quo corruption or its appearance. He expressed his concern with creating different [graduated] limits for House versus Senate candidates because from a contributor's standpoint, his/her speech, in terms of donations to a House candidate, should not be restricted any differently than his/her donations to a Senate candidate or vice versa. He reiterated that there must be findings or the appearance of corruption to

limit free speech, which was why he struggled with the [graduated] limits.

REPRESENTATIVE JOSEPHSON pointed out that, per the NCSL, 20 states use graduated limits. He said it was a policy call designed to create allowances for a Senate race, which in Alaska, has 36,000 people rather than 18,000; further, it was designed to tamp down on the system being overwhelmed by cash. He explained that the graduated system was being proposed to respect the 9th Circuit's decision that \$500 was too low, in part, because it wasn't graduated.

REPRESENTATIVE CLAMAN maintained that [the bill's] restriction of individual rights to speech by how much money contributors are allowed to spend lacks justification. He reiterated his concern about the disparity between House, Senate, and governor races. He opined that there was no connection to corruption to justify limiting campaign contributions.

REPRESENTATIVE JOSEPHSON emphasized that the courts have said that the seat at play matters; further, the courts expressed concern with direct contributions impacting races because of the threat of corruption.

[3:48:25 PM](#)

REPRESENTATIVE CLAMAN expressed additional concern with the per-year limits, as opposed to per election. He explained that his concern stems from the 9th Circuit Court of Appeals' opinion, which discussed factors to consider, such as the advantages of incumbency. He opined that the annual limits would give a substantial advantage to incumbents because traditionally, challengers didn't sign up for elections until 30 days before the filing deadline, putting them in a one-year campaign fund raising cycle. He also pointed out that there is an 18-month window on contributions under the APOC law, which applies to municipal elections. He continued to explain that because the Anchorage municipal election is in April, the organized incumbent, regardless of the limits, could "triple dip," as he/she could raise money in the last few months of 2020, for example, raise money in all of 2021, and raise money in the four months before the election in 2022, creating a huge advantage over any challenger. He said if the intent was to give challengers a shot, there seems to be a fundamental flaw in annual limits. He opined that implementing campaign limits in every election would level the playing field and give challengers a decent shot.

REPRESENTATIVE JOSEPHSON said he decided to stay with the annual limits because "that's what Alaska does;" additionally, because the 9<sup>th</sup> Circuit had no issue with it. He reasoned that the annual limits seemed to be what Alaska was comfortable with.

[3:53:19 PM](#)

REPRESENTATIVE STORY observed that most House candidates are running for the first time. She opined that House races should have lower limits than Senate races. She expressed her hope that running for office would feel accessible and approachable to all.

CHAIR KREISS-TOMKINS asked Mr. Bullard to share Legislative Legal Service's perspective on out-of-state contribution limits.

[3:56:05 PM](#)

ALPHEUS BULLARD, Legislative Counsel, Legislative Legal Services, Legislative Affairs Agency, spoke to the Thompson v. Hebdon decision by the 9<sup>th</sup> Circuit Court of Appeals. He indicated that the court found Alaska's aggregate limits to be a "poor fit" for addressing quid-pro-quo corruption.

CHAIR KREISS-TOMKINS asked Ms. Griffin whether the Department of Law (DOL) had a perspective on Thompson v. Hebdon and the relative constitutionality of out-of-state contribution limits.

[3:57:41 PM](#)

MORGAN GRIFFIN, Assistant Attorney General, Department of Law, offered to follow up with the requested information.

CHAIR KREISS-TOMKINS asked whether DOL had a perspective on what may withstand judicial review.

MS. GRIFFIN clarified that her role is council for APOC staff; therefore, as a more neutral body, she typically provides the commission advice based on the law, as opposed to what DOL wants. She understood that in terms of out-of-state contribution, the commission had not been enforcing the statute. She deferred to Mr. Lucas.

CHAIR KREISS-TOMKINS requested that she follow up with a perspective from DOL on this general issue.

[4:00:00 PM](#)

REPRESENTATIVE KAUFMAN referenced the document from the National Conference of State Legislatures (NCSL) [included in the committee packet] pertaining to contribution limits across the United States. He observed that the states were categorized by those with graduated limits, those with one limit for all candidates, and those with no limit, and asked whether there was existing evidence that one was more corrupt than the others.

REPRESENTATIVE JOSEPHSON defined "dicta" as part of an opinion but not the "holding" of the opinion, adding that there was broad discussion on that topic. He noted that Rhode Island had its problems with corruption, as well as Louisiana; however, that did not provide a statistical sample.

REPRESENTATIVE KAUFMAN provided a scenario that considered two voters: one who was elderly and disabled and had the ability to contribute to a campaign financially but not physically; the second voter was more physically able but lacked financial assets to donate. He asked whether a financial limit would have a greater imposition on the disabled voter relative to the younger voter who could offer more dollar value in physical efforts, thereby creating an unfairness.

REPRESENTATIVE JOSEPHSON said typically, when he thought about disabled or elderly voters, he thought about voting access, which related to other bills but not HB 245. He referenced historical cases, such as Randall v. Sorrell and Thompson, noting that although the opinions had discussed the in-kind value of volunteering, it was not the "main heart" of the decision. He opined that the question doesn't factor into the proposed legislation at all.

REPRESENTATIVE KAUFMAN asserted that his question pertained to the fundamental aspect of [volunteer work] being a [type of] contribution with a financial equivalence.

[4:04:43 PM](#)

REPRESENTATIVE EASTMAN opined that a wealthy candidate had a distinct advantage, which grew as the individual contribution limit decreased. Alternatively, a candidate with less money must reach out to more people. He asked whether the bill sponsor had considered that disparity.

REPRESENTATIVE JOSEPHSON said he had not considered that disparity. He emphasized that much like the 40 states with contribution limits, he was a believer in those limits. He acknowledged that it was an advantage for the affluent; however, they sometimes pay a political price for that advantage.

REPRESENTATIVE EASTMAN guessed that many of the 40 states with contribution limits do not have the same mechanism as Alaska law, which "allows a candidate to file for one office, and then decide to switch to a different office and put all or most of the money into a future campaign account, and then put it into that new campaign and then go back to the same donors that gave them previously and ask them to donate again to the new campaign in the same election cycle." He surmised that the low limits [in the proposed legislation] would encourage people to do things like that

REPRESENTATIVE JOSEPHSON said he would have to hear the question a second time. Nonetheless, he addressed the reference to future campaign accounts, which is a term of art in Alaska, adding that they are very restrictive. He understood that in the scenario put forward by Representative Eastman, the moment a candidate declared that he/she was running for House, they would be "stuck" and could not carry it to a Senate race; further, if the candidate had yet to declare and went back to a donor to ask for another donation, the donor would have the discretion to say no. For those reasons, he said he wasn't sure of the question.

REPRESENTATIVE EASTMAN acknowledged that there would be no benefit of running for House and then running for some other office; however, there would be a benefit to running for governor, which had a much higher threshold for future campaign accounts, and then running for Senate. He indicated that this method would be a way to gain the system and avoid the \$700 limit. He noted that he was not recommending it, but there was a greater incentive to go that path with the institution of lower limits.

REPRESENTATIVE JOSEPHSON said he had no experience with that because Alaska had never instituted a graduated system. He reiterated his understanding that once an individual was to declare for governor, the funds he/she raised would be for that race. He deferred to Mr. Lucas.

[4:10:06 PM](#)

CHAIR KREISS-TOMKINS restated question, asking whether funds raised for a particular office must be confined to candidacy for that office.

TOM LUCAS, Campaign Disclosure Coordinator, Alaska Public Offices Commission, said the scenario proposed by Representative Eastman is possible. He explained that someone could file for governor, close out the race and put \$50,000 into a future campaign account, and then file for Senate.

REPRESENTATIVE EASTMAN clarified that the incentive would be the ability to collect three maximum contributions from the same donor, thus raising \$2,100 as opposed to \$700. He wondered whether the low limit would create an incentive to utilize that method.

REPRESENTATIVE JOSEPHSON suggested that Representative Eastman offer an amendment. He remarked, "I think that the donor would say, 'Candidate, you have a problem with indecision, and I'm frustrated with you, and I'm done with you.'"

CHAIR KREISS-TOMKINS asked Mr. Lucas whether anything prevented that scenario from occurring at present or prior to Thompson v. Hebdon.

MR. LUCAS said there was nothing to precluding that scenario in statute.

[4:13:55 PM](#)

CHAIR KREISS-TOMKINS asked whether it had ever occurred during Mr. Lucas's tenure at APOC.

MR. LUCAS reported that people had closed out their campaigns and put money into a future campaign account for the next one. He could not recall it occurring in a race for governor.

CHAIR KREISS-TOMKINS surmised that this was a loophole in the future campaign account (FCA) statutes that hadn't been exploited. He believed it could merit an amendment. He noted that voters might not appreciate such a blatantly cynical maneuver, which might be further disincentive.

[4:15:24 PM](#)

MR. KOHN pointed out that there were graduating limits in Alaska before Thompson v. Hebdon in the nonaggregate limits, so theoretically, the loophole may have already existed.

MR. LUCAS confirmed that there was a graduated amount for the aggregate limit in statute before it was struck down.

CHAIR KREISS-TOMKINS announced that HB 245 was held over.

^#hb234

**HB 234-POLITICAL CONTRIBUTION LIMITS**

[4:17:00 PM](#)

CHAIR KREISS-TOMKINS announced that the next order of business would be HOUSE BILL NO. 234, "An Act relating to political contributions; and providing for an effective date." [Before the committee was the proposed CS, Version I, adopted as the working draft on 2/1/22.]

[4:17:26 PM](#)

REPRESENTATIVE SCHRAGE, Alaska State Legislature, prime sponsor, said his intention was to keep his introductory remarks short given the robust conversation on the prior bill. He invited questions from committee members.

[4:17:59 PM](#)

REPRESENTATIVE EASTMAN recalled that Representative Schrage had removed a portion of the proposed legislation based on the aggregate limits. He asked whether the sponsor was interested in reinserting that section based on the attorney's comments on aggregate limits during the discussion on HB 245.

REPRESENTATIVE SCHRAGE sought to clarify whether Representative Eastman was referring to out-of-state contribution limits.

REPRESENTATIVE EASTMAN confirmed that he was referring to the aggregate out-of-state limits.

REPRESENTATIVE SCHRAGE deferred to Mr. Gunderson.

[4:19:19 PM](#)

ERIK GUNDERSON, Staff, Representative Calvin Schrage, Alaska State Legislature, on behalf of Representative Schrage, prime

sponsor, clarified that the original bill removed existing statutory language that the 9th Circuit Court of Appeals struck down as unconstitutional in the Thompson v. Hebdon decision. He noted that Version I left that language in statute.

REPRESENTATIVE EASTMAN wondered whether the language that the court found unconstitutional should be left in statute. He understood that the court was against it because it was not effective at limiting quid-pro-quo corruption.

REPRESENTATIVE SCHRAGE said his intent is to leave that language in statute; however, he shared his understanding that the language would be unenforceable. He added that he does not intend to rectify the out-of-state limit being struck down by the court. He shared his interpretation from the guidance provided by the court that there was no workable out-of-state limit, which was why it was not addressed in the bill.

[4:21:15 PM](#)

REPRESENTATIVE CLAMAN opined that the annual limits were favorable to incumbents whereas campaign limits were beneficial for challengers. He asked for the bill sponsor's thoughts on campaign limits versus annual limits.

REPRESENTATIVE SCHRAGE said the courts had indicated that increasing contribution limits diminished the incumbent's advantage in fundraising for a campaign. He believed that increasing limits to a higher threshold would minimize the challenge of running a challenger campaign. Additionally, he said he would be open to an amendment that would change the annual limit to a campaign limit based on the election cycle.

REPRESENTATIVE CLAMAN pointed out that the federal limit for both U.S. House and Senate was \$2,900 per election; however, the primary and the general were considered two different elections; therefore, the limit was essentially \$5,800. Regarding the donor's First Amendment right to express his/her opinion through contributions, he opined that it was difficult to justify limiting that expression of speech less for a state House or Senate race compared to a U.S. House and Senate race. He questioned why the federal limits were not being tracked.

REPRESENTATIVE SCHRAGE reiterated that the voters had expressed concern and a desire to see lower limits. He said in crafting the bill, he recognized the implications of Citizens United. He summarized that the only legitimate reason to restrict free

speech in the ability to advocate for campaigns through donations, was to eliminate or avoid the appearance or actuality of quid-pro-quo contributions or actions. He acknowledged that the federal limits provided more ceiling and limited free speech less; however, he said HB 234 attempted to strike a balance between the citizens' desire to see a lower limit and a constitutionally valid limit.

CHAIR KREISS-TOMKINS inquired about a potential amendment to close the FCA loopholes, as referenced by Representative Eastman.

REPRESENTATIVE SCHRAGE offered to follow up with the information.

[4:26:06 PM](#)

REPRESENTATIVE CLAMAN acknowledged that the "loophole" may technically exist, but in reality, it didn't arise because it would take a lot of organization to fundraise, so the notion of gaining the system by utilizing FCA seemed incredibly unlikely. He reasoned that the legislature could take time to close the loophole; however, it was a loophole that was not being utilized by anyone. He believed that absent any evidence that it had been exploited, the committee should focus on the matters at hand, as opposed to hypotheticals.

CHAIR KREISS-TOMKINS said that was his initial impression as well. He added that since then, it had been brought to his attention that perhaps it has been exploited.

REPRESENTATIVE CLAMAN asked whether it had been exploited with any frequency.

REPRESENTATIVE KREISS-TOMKINS said, "Apparently."

REPRESENTATIVE SCHRAGE confirmed that it was an existing loophole that was not addressed in HB 234. He suggested that keeping contributions uniform through the different levels of races throughout Alaska would not expand that loophole or offer incentive to take advantage of it.

[4:27:42 PM](#)

REPRESENTATIVE VANCE said she liked the idea of a unified contribution amount, which would be simpler from the public's perspective. She emphasized the importance of public

engagement, adding that engagement should be prioritized over a dollar amount. She asked whether the bill sponsor had considered the idea of allowing independent expenditures to have "a wide open of outside influence into them in their impact on races."

REPRESENTATIVE SCHRAGE stated that he had not taken an extensive look at independent expenditure groups because through Citizens United, the doors have been opened for unlimited money to go to independent expenditure groups. Further, he said [the courts] made it very clear that the state is not in a position to limit contributions to independent expenditure groups. He conveyed that he personally took issue with the ramifications of Citizens United.

[4:29:51 PM](#)

REPRESENTATIVE VANCE clarified that her concern was not to limit the use of independent expenditure groups. She acknowledged that the goal was to have Alaskans influencing Alaskans; nonetheless, she believed that a small degree of outside influence had its value. She questioned whether outside influence in the form of contributions to independent expenditure groups could be limited by the state and whether Representative Schrage was interested in addressing that in the bill.

REPRESENTATIVE SCHRAGE reiterated that the only legitimate reason to limit free speech was to avoid the appearance or actuality of corruption. He noted that there was no proof that out-of-state donations have any more impact on a candidate's decisions or actions than in-state donations, which was why an out-of-state contribution limit had not been reimplemented in Alaska.

[4:31:43 PM](#)

REPRESENTATIVE EASTMAN inquired about the bill sponsor's thoughts on graduated limits and whether the threshold for Senate should be higher than the threshold for House.

REPRESENTATIVE SCHRAGE said it was a challenging question because it would make rational sense to implement a higher contribution limit for Senate races; alternatively, more voters may be inclined to participate in the election and make a contribution [with a lower limit]. Further, he pondered how a donation of \$1,000 to a House race would be more or less

corrupting than a \$1,000 donation to a Senate race. For that reason, he believed in a uniform contribution limit across races.

REPRESENTATIVE EASTMAN referenced the 10 states with no contribution limit and proposed a comparative scenario that considered two candidates: the first was wealthy and had the ability to finance a campaign; the second was in a lower-income bracket, which put them at a financial disadvantage, but he/she had better credentials and was more aligned with the voters in the district. He asked Representative Schrage to speak on that consideration.

REPRESENTATIVE SCHRAGE said it was a valid concern; however, another valid concern is that a large contribution could entice that politician into a quid-pro-quo exchange. He added that he could only speculate on how Alaskans feel about an unlimited cap on donations. He reiterated that on numerous occasions, Alaskans had expressed a high degree of concern about corruption and a very strong desire to have a low contribution limit.

REPRESENTATIVE EASTMAN recalled that the Supreme Court had noted several factors unique to Alaska, such as the size of the legislature. He asked whether Representative Schrage had considered increasing the number of legislators to appease the court.

REPRESENTATIVE SCHRAGE reiterated that his intent was to keep the bill narrow in scope while achieving the objective of restoring contribution limits.

[4:37:20 PM](#)

REPRESENTATIVE KAUFMAN recalled the scenario he posed previously regarding two different volunteers: one who was disabled but wealthy, and another who was able-bodied but unable to contribute financially. When considering limits, he asked whether there would be equity between the two voters in their ability to support a candidate.

REPRESENTATIVE SCHRAGE said he hadn't thought about that. He offered to follow up after giving it more thought.

CHAIR KREISS-TOMKINS added, "What if one volunteer is smarter than the other one? Is the dumb volunteer an inequitable contribution to the campaign than the smarter one?" He indicated that there's a lot of variations on that theme.

[4:39:24 PM](#)

REPRESENTATIVE CLAMAN surmised that if an individual gets elected after raising \$50,000 from friends and neighbors and \$250,000 from an independent expenditure in one industry, it could create a much higher risk of corruption. He questioned how to deal with that in light of Citizens United.

MR. GUNDERSON remarked that per the court's guidance, individual donations to a candidate were less influential compared to an individual's donation to an independent expenditure group.

REPRESENTATIVE SCHRAGE clarified his aide's comment, stating that if an individual made a contribution to an independent expenditure group and then the independent expenditure group spent funds on that race, the risk of quid-pro-quo engagement is diminished substantially.

REPRESENTATIVE CLAMAN believed that from the public's perspective, that analysis would be suspect. He believed that on some level, lower campaign limits for candidates would raise the potential for independent expenditures. He opined that there was a "tension" between the two.

REPRESENTATIVE SCHRAGE was unsure what the public would think on the heels of Citizens United. He stated that the proposed legislation aimed to address the uncertainty around contribution limits today, adding that there was a certain level of immediacy that the bill attempted to capture. He conveyed his interest in keeping the scope of HB 234 narrow while still addressing core concerns to ensure that the public could have confidence in the upcoming elections.

[4:44:59 PM](#)

CHAIR KREISS-TOMKINS announced that HB 234 was held over.  
#

[4:47:00 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 4:47 p.m.