

HB

137

STATE OF ALASKA

STEVE COWPER, GOVERNOR

ALASKA PUBLIC OFFICES COMMISSION

REPLY TO:

- 2221 E. Northern Lights, Room 128
Anchorage, AK 99508
(907) 276-4176
- Juneau Branch Office
Box CO
Juneau, AK 99811-0222
(907) 465-4864


CSHB 137 (Judiciary)
Position Paper
March 10, 1988

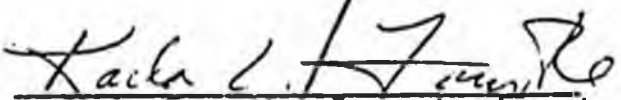
This position paper is submitted at the request of the House Finance Committee.

The Alaska Public Offices Commission supports language in this measure which addresses procedures for appointment of commission members (sections 1 and 2). This language would resolve constitutional issues about the appointment process.

The Commission also supports language contained in section 4 prohibiting the use of campaign contributions as personal income.

Although the Commission supports the broad goal of defining and shortening campaigns, particularly through a clearly established closing date, and the goal of emphasizing contributions from individuals, the Commission does not take a position on the approach outlined in this measure for meeting these goals. Because this approach requires new commission procedures, forms, manuals, and regulations, the Commission has submitted a fiscal note reflecting the costs of implementation.


Daniel Patrick O'Tierney, Chairman *3/10/88*


Karla L. Forsythe, Executive Director

Kay Brown

Alaska State Legislature House of Representatives

MEMORANDUM

TO: Senator Mitch Abood, Chairman
Senate State Affairs Committee

FROM: Rep. Kay Brown

DATE: May 2, 1988 *Kay*

RE: CS HB 137 (Finance)

Thank you for scheduling CS HB 137 (Finance) for a hearing May 4 in the State Affairs Committee.

The intent of this measure is to increase the influence of individual citizens relative to special interest groups, and to help restore public confidence in the political process.

The bill is **comprehensive in scope**, and it covers:

- Governor/Lieutenant Governor (statewide).
- House/Senate, and
- Municipal campaigns.

The bill would: • **shorten the duration of campaigns** for statewide, legislative, and local races:

- **Governor/Lt. Governor:** Could begin September 1 two years before the election;
- **House/Senate:** Could begin September 1 of the year before the election, but excluding the legislative session for incumbents;
- **Municipal:** Could begin 90 days before the election.

- **set cumulative limits** for contributions from:
 - labor unions, corporations, PACs, and political parties.
- **limit contributions by individuals, labor unions, corporations, and PACs to \$1,000 per campaign (instead of per year).**
- **prohibit members of the legislature from accepting contributions during the session.**
- **prohibit use of contributions as personal income.**
- **limit post-election fundraising** to the year of the election for statewide and legislative candidates, and to the 60 days following the election for local office candidates.
- **establish civil penalties** for accepting an illegal contribution.
- **establish quarterly contribution and expenditure reporting requirements** for political parties.
- **not apply to existing campaign debt.**

I look forward to discussing the issue with the Committee. If you have any questions, please contact me or Roxanne Turner on my staff at 465-4998.

cc: Members, Senate State Affairs

FISCAL NOTE

REQUEST:

Revision Date: 1/19/89
 Title: "An Act relating to the duration
 & financing of election campaigns"
 Sponsor: Rep. Brown et al
 Requestor: House State Affairs

Agency Affected: AK Public Offices Commission
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | 20.7 | 20.7 | 20.7 | 20.7 | 20.7 |
| TRAVEL | | 0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 |
| SUPPLIES | | 0 | 0 | 0 | 0 | 0 |
| EQUIPMENT | | 0 | 0 | 0 | 0 | 0 |
| LAND & STRUCTURES | | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 0 | 32.7 | 32.7 | 32.7 | 32.7 | 32.7 |
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|------|------|------|------|------|
| GENERAL FUND | | 32.7 | 32.7 | 32.7 | 32.7 | 32.7 |
| FEDERAL FUNDS | | 0 | 0 | 0 | 0 | 0 |
| OTHER | | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 32.7 | 32.7 | 32.7 | 32.7 | 32.7 |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | 0 | 1 | 1 | 1 | 1 | 1 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

ANALYSIS : (Attach a separate page if necessary)

see attached page

Prepared by: *Karla E. Jensen*
 Division: AK Public Offices Commission

Phone: 276 4176
 Date: 1/29/89

Approved by Commissioner: *Daniel Patrick Traynor*
 Agency: AK Public Offices Commission

Date: 1/29/89

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

CS SS HB 137

Fiscal Detail:

1. Personal Services

Permanent, part-time, Paralegal Assistant I, Range 13A,
to assist filers during election season and pursue
investigations of contribution violations during the
remainder of the year.

20.7

2. Contractual Services

4 hearings/year on contribution violations; hearing officer
and transcription costs

12.0

CSSSHB 137

Fiscal Analysis

This bill replaces the limitations on sources of contributions outlined in SSHB 137 with a limitation on the period during which campaign contributions can be accepted. A candidate who accepts contributions outside the prescribed period could be subject to a penalty of up to five times the amount of the contribution.

The previous APOC fiscal note for the sponsor substitute assumed that the primary impact on the agency would be reflected in the need for both new and substantially revised forms, manuals, regulations and procedures. Staff would spend considerable time monitoring campaigns, processing reports, and advising candidates. This implementation activity would focus on disclosure of contributions. Complaints alleging violations would be prioritized and pursued in accordance with resources currently available to the commission.

The committee substitute will primarily impact enforcement. In addition to complaints about violations of current provisions of the campaign disclosure law, complaints also will be filed against candidates who allegedly accept contributions outside the prescribed time, and those who allegedly use surplus funds for purposes other than those specifically allowed by law. As in the sponsor substitute, fines for these violations will be sizeable -- up to five times the amount of the contribution.

It is anticipated that three relatively simple and one complex complaint alleging violations will be filed with APOC for investigation. The position within the agency to whom investigatory duties currently are assigned will not be able to undertake these investigations given ongoing caseload, so a new half-time position with paralegal skills will be required. With a shortened time for candidates to raise funds and file reports, the agency will receive a higher volume of requests for staff assistance within a compressed time period. The new position would also be needed during the election cycle to provide advice to candidates. When the cycle is completed, the position would still be required to complete summaries of activity, update data entry, and audit filed reports, which are given a lower priority during times of high demand for compliance assistance.

Fine assessments will be sufficiently large to generate appeals. To comport with due process requirements in light of the substantial penalty, these matters will be assigned to hearing officers for formal administrative hearings, with final decisions rendered by the commission based on a review of the hearing officers' recommendations. The costs of these additional hearings are based upon the costs of retaining attorneys to serve as hearing officers and transcription expenses.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSSHB 137(JUD)
PUBLISH DATE: HOUSE 2/26/88

FISCAL NOTE

REQUEST:

Revision Date: 2/24/88
Title: "An act relating to the duration & financing of election campaigns"
Sponsor: Brown, et. al.
Requestor: House Judiciary

Agency Affected: AK Public Offices Commission
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | 98.7 | 80.5 | 80.5 | 80.5 | 80.5 |
| TRAVEL | | | .4 | .4 | .4 | .4 |
| CONTRACTUAL | | 9.2 | .8 | .8 | .8 | .8 |
| SUPPLIES | | 1.2 | .8 | .8 | .8 | .8 |
| EQUIPMENT | | 4.6 | 0 | 0 | 0 | 0 |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | 113.7 | 82.5 | 82.5 | 82.5 | 82.5 |

| | | | | | | |
|---------|--|---|---|---|---|---|
| CAPITAL | | 0 | 0 | 0 | 0 | 0 |
|---------|--|---|---|---|---|---|

| | | | | | | |
|---------|--|---|---|---|---|---|
| REVENUE | | 0 | 0 | 0 | 0 | 0 |
|---------|--|---|---|---|---|---|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|--|-------|------|------|------|------|
| GENERAL FUND | | 113.7 | 82.5 | 82.5 | 82.5 | 82.5 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | 113.7 | 82.5 | 82.5 | 82.5 | 82.5 |

POSITIONS:

| | | | | | | |
|-----------|--|---|---|---|---|---|
| FULL-TIME | | 2 | 2 | 2 | 2 | 2 |
| PART-TIME | | | | | | |
| TEMPORARY | | 1 | 0 | 0 | 0 | 0 |

ANALYSIS : (Attach a separate page if necessary)

Please see attached pages:

Prepared by: Karla L. Forsythe, Executive Director
Division: Alaska Public Offices Commission

Phone: (907) 276-4176
Date: 2/24/88

Approved by Commissioner: Daniel Patrick O'Tierney *
Agency: Alaska Public Offices Commission

Date: 2/24/88

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

*Although the Commission chair is not available to sign this fiscal note, his signature appears on an identical fiscal note on SS HB 137, dated 1/12/88.

CS SS HB 137 (Judiciary)
Fiscal Detail

1. Personal Services

Permanent Full-time:

Range 12A, Administrative Assistant I, to
monitor and render specific disclosure advice
to those who file reports 35.5

Range 16A, Paralegal II, to assist in investigations
of violations; to present affidavits appealing fines
for failure to comply; to pursue collection of fines 45.0

First year, Temporary, 6 months:

Range 16A, Research Analyst II, to prepare initial
forms, manuals, revise regulations, develop public
information 18.2

2. Travel

1 trip, annually, for paralegal to pursue investigations
or fine collections in either Fairbanks or Juneau .4

3. Contractual Services

Ongoing costs:
telephone, postage, xeroxing @ .4/position .8

First year costs:
initial, additional costs to redesign manuals 3.0
modification of computer program to prepare
required summaries 5.0
telephone, postage, xeroxing support for Res. Anal. .4

4. Supplies

.4/position annually .8
.4/temporary, first year only .4

5. Equipment

One time costs:
2 double floppy computers, with monochrome monitors,
dot matrix printers 3.2
2 desks and office chairs 1.6

CS SS HB 137 (Judiciary)
Fiscal Note Analysis

Enactment of this measure would require substantial revision and expansion of the Alaska Public Office Commission's recordkeeping and tracking systems, as well as greater demand for compliance assistance from staff.

Under current law, candidates in all races are subject to the same contribution limits, with unlimited contributions allowed from political parties. Forms, manuals, monitoring systems, and staff assignments to help candidates with compliance questions are based on a division of campaign disclosure work into two functional areas: candidates and groups.

Although the \$1000 contribution limit for individuals, nonparty groups, corporations and unions would be retained under this bill, the measure would establish new provisions for cumulative limits on contributions, with amounts depending on the race and the source of the contribution. This means that new forms, manuals, recordkeeping procedures, policy guidelines and regulations would have to be developed, broken down by the type of candidate, type of group and type of contributor. Staff would still be required to administer provisions of the law relating to \$1000 contribution limits.

Staff administers the present law by processing campaign disclosure paperwork and by answering questions to assist candidates and groups in complying with the law. Under this bill, requests for advice will also come from contributors, inquiring about the status of candidates' cumulative contribution limits. Additional functional categories based on the type of race and contribution level would require even further specialization among staff, and the addition of another staff member to assist with this work.

Existing manuals and forms would need comprehensive revisions. Assuming this measure became effective in midsummer of 1988, implementation activity would be added to the ongoing workload of the office at the beginning of its busiest time of year. Existing staff could not absorb the work needed to implement the law while continuing to perform ongoing functions. To ensure timely implementation, the office would contract for six months with a position funded at the Range 16 level to redraft forms and manuals, to develop new internal processing procedures, and to review existing regulations for proposed revisions and additions to comport with the new law. Additionally, the new categories which the office would monitor would result in an overall increase in the volume of manuals and forms which the office must print and distribute. The campaign disclosure law also requires summaries of candidate activity. Existing computer programs would be revised to permit data entry and compilation in accordance with these categories, for a contractual services cost of \$5000.

It is anticipated that many more complaints alleging violations of the law would be filed with the commission. An additional staff member with paralegal skills will be needed to carry out the additional investigations, and also to help answer complicated compliance questions (such as those dealing with good faith expenditures by candidates refiling in a race with a lower contribution ceiling).

Rep. Kay Brown
April 28, 1988

Campaign Finance Reform: CS SS HB 137 (Finance)

The Committee Substitute is **comprehensive in scope**, and it covers:

- Governor/Lieutenant Governor (statewide),
- House/Senate, and
- Municipal campaigns.

The bill would:

- **shorten the duration of campaigns** for statewide, legislative, and local races:
 - **Governor/Lt. Governor:** Could begin September 1 two years before the election;
 - **House/Senate:** Could begin September 1 of the year before the election, but excluding the legislative session for incumbents;
 - **Municipal:** Could begin 90 days before the election.
- **set cumulative limits** for contributions from:
 - labor unions, corporations, PACs, and political parties.
- **limit contributions by individuals, labor unions, corporations, and PACs to \$1,000 per campaign (instead of per year).**
- **prohibit members of the legislature from accepting contributions during the session.**
- **prohibit use of contributions as personal income.**
- **limit post-election fundraising** to the year of the election for statewide and legislative candidates, and to the 60 days following the election for local office candidates.
- **establish civil penalties** for accepting an illegal contribution.
- **establish quarterly contribution and expenditure reporting requirements** for political parties.
- **not apply to existing campaign debt.**

Notes on campaign finance reform, Feb. 1, 1988
by Rep. Kay Brown

Why reform campaign finance laws?

- Skyrocketing costs for media advertising and other modern campaign techniques have raised the costs of running for public office to unacceptably high levels, and have caused candidates for public office to seek and accept campaign funds from special interests.
- Candidates' reliance on special interest funds contributes to public cynicism about our political process.
- The current system of financing campaigns has a deleterious effect on women and minorities seeking public office because these groups have been excluded from the "old boys" networks that have traditionally raised campaign funds.
- The vast majority of PAC money goes to incumbents, thereby further discriminating against women and minorities.
- Reform is needed to restore public confidence and to reduce the influence of money and special interests on the political process, thereby improving the quality of decision making.

Possible partial solutions:

- Limit the length of campaigns.
- Limit (or prohibit) contributions by corporations, PACs, unions, and parties.

Benefits of a shorter campaign:

- Elimination of post-election fundraising would remove opportunities for conflicts of interest and discourage accumulation of personal debt.
- Elimination of fundraising during session would remove the conflicts and apparent conflicts of interest.
- Less money would be raised and spent during a shorter campaign.
- The amount that could be contributed by an individual, corporation, union, or PAC would be reduced by at least half by allowing contributions only during the year of the campaign, rather than in multiple years.

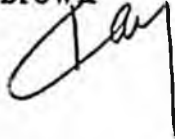
- More emphasis would be placed on issues and ideas and less on a candidate's ability to raise money.
- The public would get a breather from constant campaigning and solicitations for contributions.
- Public officials would have more time and energy to spend on public business without the distraction of constant fundraising.
- Regarding concerns that shorter campaigns would give an even greater advantage to incumbents, nothing in the proposed bill precludes challengers from planning the campaign, attending community council meetings, participating in community organizations and events, organizing volunteers, even going door-to-door. Money could be spent for polling and travel at any time, and personal funds loaned for this purpose could be recouped from campaign funds.

Kay Brown

Alaska State Legislature
House of Representatives

MEMORANDUM

TO: All Members of the House

FROM: Representative Kay Brown 

DATE: March 22, 1988

RE: Campaign Finance Reform

Attached for your review is background material and a copy of CS SS HB 137 (Finance), relating to the Public Offices Commission and the duration and financing of election campaigns. The bill was introduced early last session and has had extensive hearings in three standing committees.

The intent of this measure is to lower the cost of election campaigns so that common citizens, women, and minorities have a fair opportunity to compete for elective office. The bill also seeks to increase the influence of individual citizens relative to special interest groups, and to help restore public confidence in the political process.

The bill would achieve these reforms by establishing a limited period during which contributions may be accepted, and by limiting the amount of contributions a candidate may receive from corporations, labor unions, political action committees, and political parties. An unlimited amount of contributions could be received from individuals, but each individual (as well as corporations, labor unions, and Political Action Committees) would be limited to a contribution of \$1,000 per candidate per campaign, rather than \$1,000 per year as provided in current law.

The bill also would limit post-election fundraising, and would prohibit acceptance of contributions during a legislative session.

The reforms proposed in the bill would help free candidates and elected officials to vote and speak their consciences. The bill would allow elected officials to devote more of their energy and attention to public service without the distraction of needing to perpetually raise campaign funds. The bill would help shift the emphasis of our system toward issues and ideas and away from image-making, campaign consulting, poll-taking, and media advertising as the basis for gaining elective office.

We are all aware that politicians generally are not held in high esteem by the public. Without question, the perception of special-interest influence through campaign donations contributes to this public cynicism. This bill is an opportunity to help restore public confidence in our political system.

I would appreciate your careful review and favorable consideration of CS SS HB 137 (Finance), and would welcome the opportunity to answer questions or discuss any concerns you may have. Thank you for your consideration.

Attachments

Kay Brown

Alaska State Legislature
House of Representatives

MEMORANDUM

TO: House Finance Committee

FROM: Rep. Kay Brown *KCB*

DATE: March 17, 1988

RE: Proposed Committee Substitute
CS SS HB 137 (Finance)

The subcommittee on campaign finance reform has met and proposes the following changes in the proposed Finance Committee Substitute.

Thank you for your consideration.

SUMMARY OF PROPOSED CHANGES (FROM THE JUDICIARY VERSION):

1. Section 3 (Page 2, lines 2-29; Page 3, lines 6-17.) Combines contribution limits into a single category, including corporations, unions, PACs, and political parties, and doubles the cumulative contribution limits:

| | |
|---|----------|
| Statewide (Governor and Lt. Governor) | \$80,000 |
| State Senate | \$40,000 |
| State House | \$20,000 |
| Municipal other than mayoral | \$20,000 |
| Mayoral with one House District | \$20,000 |
| Mayoral with more than one House District | \$80,000 |

For example, a candidate for the State House could accept a cumulative total of \$20,000 per campaign from any combination of corporations, unions, PACs and political parties, as well as an unlimited number of contributions from individuals.

2. Section 3 (Page 3, lines 26-29; Page 4, lines 1-15) : Limits post-election fundraising to the year of the election for statewide and legislative candidates, and to the 60 days following the election for local office candidates.

3. Section 4 (Page 4, lines 19-21) : Clarifies that recovery of a personal loan to the campaign must take place during the campaign period.

4. Section 4 (Page 4, lines 25-26): Deletes language that restricted to certain activities the use of surplus campaign funds transferred to an office account.

Rep. Kay Brown
 Feb. 29, 1988
 CS SS HB 137(Judiciary)
 Section 3(g)

**IMPACT OF CAP ON MAYORAL RACE CONTRIBUTIONS
 IN MUNICIPALITIES WITH ONE OR MORE HOUSE DISTRICTS**

| <u>MUNICIPALITY</u> | <u>NUMBER OF HOUSE DISTRICTS*</u> | <u>POTENTIAL FROM CORPS. UNIONS. PACS</u> | <u>POTENTIAL FROM POLITICAL PARTIES</u> | <u>POTENTIAL FROM INDIVIDUALS</u> | <u>TOTAL POTENTIAL</u> |
|---------------------|-----------------------------------|---|---|-----------------------------------|------------------------|
| Anchorage | 9 (17 seats) | \$ 40,000 | \$ 40,000 | Unlimited | \$ 80,000 + |
| Fairbanks | 4 (5 seats) | \$ 40,000 | \$ 40,000 | Unlimited | \$ 80,000 + |
| Juneau | 1 (2 seats) | \$ 10,000 | \$ 10,000 | Unlimited | \$ 20,000 + |
| Kenai Borough | 1 (2 seats) | \$ 10,000 | \$ 10,000 | Unlimited | \$ 20,000 + |
| North Slope Borough | 1 (1 seat) | \$ 10,000 | \$ 10,000 | Unlimited | \$ 20,000 + |
| Ketchikan | 1 (2 seats) | \$ 10,000 | \$ 10,000 | Unlimited | \$ 20,000 + |
| Mat-Su Borough | 1 (2 seats) | \$ 10,000 | \$ 10,000 | Unlimited | \$ 20,000 + |

*Does not include districts partially within municipal boundaries

Rep. Kay Brown
 March 22, 1988

**CONTRIBUTION LIMITS PER CANDIDATE PER CAMPAIGN
 CS SS HB 137 (Finance)**

| | <u>HOUSE</u> | <u>SENATE</u> | <u>GOVERNOR AND LT. GOVERNOR</u> | <u>MAYORAL AND MUNICIPAL</u> | <u>MAYORAL with more than one House District</u> |
|---|--------------|---------------|--|--------------------------------------|--|
| CONTRIBUTOR: | | | | | |
| <u>INDIVIDUAL:</u> | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 |
| <u>CORPORATION, UNION OR GROUP:</u> | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 |
| <u>PARTY:</u> | \$20,000 | \$40,000 | \$80,000 | \$20,000 | \$20,000 x number of House Districts, not to exceed \$80,000 |
| <u>CUMULATIVE TOTAL A CANDIDATE COULD ACCEPT FROM CORPORATIONS, UNIONS, GROUPS AND PARTIES:</u> | \$20,000 | \$40,000 | \$80,000 | \$20,000 | \$20,000 x number of House Districts, not to exceed \$80,000 |
| <u>TOTAL A CANDIDATE COULD ACCEPT FROM INDIVIDUALS:</u> | UNLIMITED | UNLIMITED | UNLIMITED | UNLIMITED | UNLIMITED |

Prepared by:
Rep. Kay Brown
April 22, 1988

SECTIONAL ANALYSIS OF CS SS HB 137 (FINANCE)

"An Act relating to the Public Offices Commission and to the duration and financing of election campaigns; and providing for an effective date."

Section 1 amends AS 15.13.020(a) to provide that the governor shall appoint all members of the Alaska Public Offices Commission in the manner prescribed in (b) and (c) of this section, subject to confirmation by a majority of the legislature meeting in joint session.

Section 2 repeals and reenacts AS 15.13.020(c) to provide that the four commission members selected under (b) of this section shall nominate to the governor by majority vote the fifth member of the commission when a vacancy occurs in that position. The governor shall either appoint the nominee of the commission or request a new nominee from the commission.

Section 3 amends AS 15.13 to provide that a candidate can only accept contributions during an election campaign, and limits contributions as follows:

(b) a candidate for governor or lieutenant governor may not accept more than

\$1,000 per campaign from a person, a corporation, a labor union, or group other than a political party;

\$80,000 cumulative total per campaign from corporations, unions, groups, and political parties and their subdivisions.

(c) a candidate for the Senate may not accept more than

\$1,000 per campaign from a person, corporation, labor union or group other than a political party or its subdivision;

\$40,000 cumulative total per campaign from corporations, labor unions, groups, and political parties and their subdivisions.

(d) a candidate for the House may not accept more than:

\$1,000 per campaign from a person, labor union, corporation, or group other than a political party;

\$20,000 cumulative total per campaign from corporations, labor unions, groups, and political parties and their subdivisions.

(e) a candidate for a municipal office other than mayor may not accept more than:

\$1,000 per campaign from a person, labor union, corporation, or group other than a political party;

\$20,000 cumulative total per campaign from corporations, labor unions, groups, and political parties and their subdivisions.

(f) a candidate for mayor, except as provided under (g) in this section, may not accept more than:

\$1,000 per campaign from a person, labor union, corporation, or group other than a political party;

\$20,000 cumulative total per campaign from corporations, labor unions, groups, and political parties and their subdivisions.

(g) notwithstanding (f) above, a candidate for mayor in a municipality with more than one house election district may accept contributions with a \$20,000 cumulative total under (f)(2) of this section multiplied by the number of house election districts, except that the candidate may not accept

a cumulative total of more than \$80,000 from corporations, labor unions, groups, and political parties and their subdivisions.

(h) states that a candidate who withdraws candidacy from one office and refiles for a different office is subject to the limitations only for the office for which the candidate most recently filed. A candidate who withdraws and refiles for an office with a lower limitation on campaign contributions shall return the amount of each contribution that exceeds the limitations of the current candidacy.

(i) defines election campaign as:

(1) September 1 of the year before the election through December 31 of the election year, for state House and Senate non-incumbent challengers;

(2) September 1 of the year before the election through December 31 of the election year, but excluding the legislative session, for incumbent state Senators and Representatives;

(3) September 1 of the year two years before the election through December 31 of the election year for Governor and Lieutenant Governor;

(4) Ninety days before the municipal election through the day sixty days after the election for municipal candidates;

(5) for municipal candidates involved in a run-off election, the period from the day after the election through the day sixty days after the run-off election.

Section 4 adds a new subsection (i) covering the use and disposal of surplus campaign funds. Converting campaign funds to personal income is prohibited. Clarifies that recovery of a personal loan to the campaign must take place during the campaign period. A candidate shall dispose of campaign funds that were not spent or obligated during the campaign by:

(1) leaving the money in a campaign account for a future campaign;

(2) transferring the funds to an account for the office, in the

case of a successful candidate only;

- (3) donating the funds to a charitable organization;
- (4) donating the funds to the general fund of the state or of a municipality of the state;
- (5) returning the funds to contributors on a pro rata basis; or
- (6) making campaign contributions not in violation of AS 15.13.065 to another candidate or group or by making independent expenditures.

Section 5 amends AS 15.13.110 to require quarterly reports of contributions and expenditures by political parties in odd (non-election) years, and adds a requirement of two quarterly reports in even (election) years.

Section 6 establishes a civil penalty for accepting an illegal contribution. The commission could levy a fine of up to five times the amount of the illegal contribution accepted.

Section 7 conforms the periods for filing of a declaration of candidacy for statewide and House and Senate elections to the changes in Section 3 of the bill.

Section 8 conforms the periods for filing of a nominating petition for statewide and House and Senate elections to the changes in Section 3 of the bill.

Section 9 amends AS 24.60.030(f) to make it a conflict of interest for a legislator to accept a campaign contribution during the session.

Section 10 conforms the period for filing a nominating petition or a declaration of candidacy for municipal office to the changes in Section 3 of the bill.

Section 11 provides that the prohibition on accepting contributions outside the defined campaign period does not apply to accepting contributions to retire existing campaign debt.

Section 12 makes the bill's changes effective after the next general

election for statewide, House and Senate campaigns, and after the first municipal election after July 1, 1988.

Section 13 repeals AS 15.13.070(a), which limits campaign contributions to \$1000 per year; and AS 24.60.030(g), Conflicts of Interest, which exempts Juneau legislators from the prohibition on accepting money from campaign fundraisers during a legislative session.

Section 14 specifies an effective date of July 1, 1988.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
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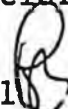
LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 24, 1988

SUBJECT: Public Offices Commission and the duration
and financing of election campaigns [CSSSHB
137(Judiciary)]

TO: Representative John Sund
Chair, House Judiciary Committee

FROM: Richard A. Bradley 
Legislative Counsel

John Hartle has asked that I comment on two questions that have arisen during hearings on the draft CSSSHB 137 (Judiciary).

First, does the limitation of contributions that may be accepted by a candidate from corporations, labor unions, and groups constitute a limitation on free speech or on equal protection rights? Second, do the limits that the bill establishes on the lengths of an election campaign constitute a limitation on free speech?

In my view, the bill violates none of the suggested constitutional rights.

Some examination of the contents of the bill should be made to put the two questions into focus. While the bill suggests in its title that there is a "duration" to the election campaign, this must be understood in context. The bill does establish times within which the director of elections may accept a declaration of candidacy or a nominating petition. The bill also provides that it is only after filing the declaration or petition through the day before the date of the election that the candidate may accept political contributions. While these are limitations of significance, I believe that it is clear that the rights of the candidate or of others to engage in free speech are not limited by the sections.

To that extent, it would be more accurate to describe the bill as limiting the time within which political contributions may be accepted. While the terminology used in the bill is accurate and proper, the bill does not actually address the separate subject of the limitation of the length of election campaigns; within the constraints established by the bill, the campaign may be as long as the candidates wish it to be.

The limitations established in the bill do not (and could not) limit free speech, have any effect on independent expenditures, or limit contributions from a candidate to the candidate's own campaign.

I. The limitation on contributions that may be accepted by a candidate from corporations, labor unions, and groups as a limitation on free speech or on equal protection rights.

The limitation on the acceptance of contributions from labor unions and corporations is valid because the legislature could, if it wished, prohibit all contributions from labor unions and corporations. The Congress has prohibited all contributions to a candidate for federal office from national banks, corporations, and labor unions and limited the breadth of those from whom "political action committees" established by the banks, unions, or corporations could seek contributions. 2 U.S.C., sec. 441b. [A "political action committee" under federal law is largely identical to a "group" under state law. See AS 15.13.130(4).] The laws have been upheld. Federal Election Committee v. National Right to Work Committee, 459 U.S. 197 (1982); International Ass'n. of Machinists and Aerospace Workers v. Federal Election Committee, 459 U.S. 983 (1982).

I believe that the legislature could enact similar legislation.

While there are limitations on contributions from labor unions, corporations, and groups, the law establishes no limitations on the amounts that a candidate may accept from individuals (beyond the existing \$1,000 that is carried into this bill). The candidate may accept an unlimited number of contributions from individuals.

Since the legislature could enact a total prohibition on the contributions directly and regulate the method by which the union or corporation seeks contributions to the controlled

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groups, I believe it could logically enact reasonable nondiscriminatory regulations and limitations on these contributions.

While I am familiar at this time with no legislation from other states that regulate the total amounts that a candidate may accept from unions or corporations, the Supreme Court in Buckley v. Valeo, 424 U.S. 1 (1976) indicated a willingness to accept regulations on outer limits. It accepted a annual limit on contributions from an individual of \$25,000. Sec. 608(b)(3), Federal Election Campaign Act. The Court characterized the limitation in this way:

The overall \$25,000 ceiling does impose an ultimate restriction upon the number of candidates and committees with which an individual may associate himself by means of financial support. But this quite modest restraint upon protected political activity serves to prevent evasion of the \$1,000 contribution limitation by a person who might otherwise contribute massive amounts of money to a particular candidate through the use of unearmarked contributions to political committees likely to contribute to that candidate, or huge contributions to the candidate's political party. The limited, additional restriction on associational freedom imposed by the overall ceiling is thus no more than a corollary of the basic individual contribution limitation that we have found to be constitutionally valid. Buckley v. Valeo, 424 U.S. 1, at ___; 44 USLW 4127, at 4138 (1976).

In my view, since individuals are the ultimate source of all the contributions, the outer limits on the threshold by which corporations, unions, and groups may make their contributions is nothing more than "a corollary of the basic individual contribution limitation" that the Court upheld. Like the \$25,000 total limitation on contributions in the Federal Election Campaign Act, the limitation on contributions from unions, corporations, and groups serves to limit the ways in which wealthier contributor may evade the policy established by the \$1,000 individual contribution limitation.

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II. The limits that the bill establishes on the lengths of an election campaign as a limitation on free speech?

In my comments on the bill earlier in this memorandum, I noted that the bill did not in fact address the question of the duration of the election campaign (but only of the time within which the contributions may be accepted). I also noted that the bill does not limit free speech (or independent expenditures) but only contributions. I do not believe that the bill establishes any limitations on constitutionally protected free speech.

If I may be of further assistance, please advise.

RAB:lmb
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