

HB

359

ALASKA STATE LEGISLATURE



REPRESENTATIVE LES GARA

MEMORANDUM

DATE: March 4, 2010

TO: Representative Bob Lynn, Chair
House State Affairs Committee

FROM: Representative Les Gara

RE: House Bill 359

I respectfully request that you schedule a hearing in the House State Affairs Committee for HB 359, an act prohibiting corporations and Limited Liability Corporations from being classified as persons for election purposes.

A copy of the bill, a sponsor statement, a sectional summary and additional background material are attached.

There may be several people who wish to testify via teleconference. I do not anticipate the need to have audio / visual equipment available. If you have any questions or need additional information, please call David Theriault at 465-6591.

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HB 359

Corporations Not Persons for Election Purposes

"An Act providing that for-profit corporations and limited liability companies organized in this state are not persons for purposes of influencing the outcomes of public office elections, initiatives, referendums, or recalls."

House Bill 359 places in statute the assertion that corporations should not be considered "persons" for the purposes of influencing elections. Large corporations with similarly large financial resources can disproportionately affect elections by saturating media with advertisements for candidates and ballot questions that support their business position. To prevent corporations from unduly affecting elections, Alaska state law should prohibit corporations from being considered persons for purposes of elections.

In a 5-4 decision announced on January 21st, the U.S. Supreme Court ruled that corporations have the same rights as "people" to "influence" elections. That ruling reversed decades of settled Supreme Court precedent saying states could limit the election spending of corporations.

Recent polls show that a large majority of Americans oppose the Supreme Court ruling. Passage of similar legislation by a majority of states could strengthen a future challenge to the Supreme Court's decision that corporation are "persons" under election financing laws.

HB 359 leaves corporations with all other rights to conduct business in Alaska, and only states that corporations cannot be regarded by the courts as persons for purposes of campaign contributions.

Only actual individuals and groups of actual individuals would be able to make contributions with the passage of HB 359, preventing corporations from influencing elections for their business purposes.

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Sectional Analysis

Section 1: Amends AS 6.05.301, applicability of corporations code, to conform with the new subsection added to AS 10.06.010 in Section 2.

Section 2: Amends AS 10.06.010, general powers of corporations, to prohibit corporations from being defined as persons for election purposes.

Section 3: Adds a new subsection to AS 10.50, Alaska Revised Limited Liability Company Act, to prohibit Limited Liability Companies from being defined as persons for election purposes.