

SB

5

<TARGET><BILL>SB 5</BILL><SUBJECT>SB
5</SUBJECT><COMM>SJUD30</COMM></TARGET>

Alaska State Legislature



Interim:

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Senate President Kevin Meyer Senate District M

SB 5: Political Contribution Limits/Prohibition

In an effort to restore public trust and reduce corruption, or the appearance of corruption, in our campaign finance system, in 1996 the Alaska legislature passed sweeping campaign finance reforms. Included in legislation was a prohibition on all contributions by lobbyists to candidates outside of their own election district. What was not anticipated or addressed by the 1996 reforms, and is an issue that arose during this last election cycle, is the ability for a lobbyist to contribute to a political action group that is controlled by a legislator or other candidate for the legislature. This loophole in the law allows a sitting legislator, or a candidate for the legislature, to solicit, raise, and disperse funds from lobbyists, on behalf of a group that they control, thus circumventing the limit on lobbyists' contributions to candidates. Further, our state statutes explicitly state that a legislator may not solicit or accept funds in order to influence a state election during a regular or special session, however, there is no clear prohibition against a political action group controlled by a legislator doing so. In addition, SB 5 includes a prohibition on dispersing funds during a legislative session.

Senate Bill 5 will amend our state statutes to bolster our campaign finance laws by:

1. Closing the loophole that allows lobbyists to make political campaign contributions to groups headed by current lawmakers and candidates for the legislature outside of their district, and
2. Preventing groups controlled by a legislator or candidate for the legislature from soliciting, raising, or dispersing funds during a regular or special legislative session.

This measure is intended to protect against corruption – or the appearance of corruption – and restore the public's confidence in our campaign finance structure.

For more information, contact Edra Morledge in Senator Meyer's office at (907) 465-6874.

SB 5 – Political Contribution Limits/Prohibitions

Sectional Summary

Section 1 – States that a political group controlled by a member of the legislature may not solicit or accept a contribution, or make a contribution or expenditure for the purposes of influencing an election, while the legislature is convened in a regular or special session

This section clarifies that political action groups controlled by members of the legislature cannot raise or spend funds during a legislative session. Per AS 15.13.074(d), legislative candidates may not solicit or accept funds during a legislative session. SB 5 adds the additional prohibition on spending campaign funds for political action groups.

Section 2 – States that a lobbyist may not make a contribution to a candidate for the legislature or a political group that:

- a) is controlled by
 - a. a member of the legislature; or
 - b. a candidate for the legislature

This section attaches the same prohibition of a lobbyist contributing to a candidate for the legislature from contributing to a group that is controlled by a legislator or candidate for the legislature.

Section 3 – Provides an exception to the lobbyist contribution prohibition in section 2, provided that the candidate for the legislature is from within their own election district

This section allows a lobbyist to contribute to a legislator, or a candidate for the legislature, only if they are within the same district in which the lobbyist is eligible to vote.

Section 4 - Definitions

SB 5
Changes from Version D to Version U

1. Page 1, Line 7 – changed “member of the legislature” to “legislator”
2. Page 1, Line 8 – removed “or make a contribution or expenditure” in order to put it in the correct section (AS 15.13.082)
3. Page 2, Lines 23-26 – added subsection to AS 15.13.082(d) to prohibit groups controlled by legislators from making contributions or expenditures during a legislative session
4. Page 2, Lines 28-29 – changed the sentence to read “unless the context clearly requires otherwise” in order to emphasize that the definitions in this section may not be interpreted to have different meanings in generally similar situations

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: SB 5
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB005-DOA-APOC-1-27-17
Title: POLITICAL CONTRIBUTION
LIMITS/PROHIBITION
Sponsor: MEYER
Requester: (S) STA

Department: Department of Administration
Appropriation: Alaska Public Offices Commission
Allocation: Alaska Public Offices Commission
OMB Component Number: 70

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable; initial version.

Prepared By: Heather Hebdon
Division: Alaska Public Offices Commission
Approved By: Sheldon Fisher, Commissioner
Agency: Administration

Phone: (907)334-1724
Date: 01/27/2017 12:00 PM
Date: 01/27/17

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. SB 5

Analysis

This legislation prohibits the following activity:

- 1) a political group controlled by a legislator from soliciting and accepting contributions during a legislative session;
- 2) a political group controlled by a legislator from making contributions or expenditures during a legislative session;
- 3) registered lobbyists from contributing to a political group that is controlled by a legislator or a candidate for the legislature.

APOC submits a zero fiscal note.

Sec. 15.13.400. Definitions. In this chapter,

(8) "group" means

(A) every state and regional executive committee of a political party;

(B) any combination of two or more individuals acting jointly who organize for the principal purpose of influencing the outcome of one or more elections and who take action the major purpose of which is to influence the outcome of an election; a group that makes expenditures or receives contributions with the authorization or consent, express or implied, or under the control, direct or indirect, of a candidate shall be considered to be controlled by that candidate; a group whose major purpose is to further the nomination, election, or candidacy of only one individual, or intends to expend more than 50 percent of its money on a single candidate, shall be considered to be controlled by that candidate and its actions done with the candidate's knowledge and consent unless, within 10 days from the date the candidate learns of the existence of the group the candidate files with the commission, on a form provided by the commission, an affidavit that the group is operating without the candidate's control; a group organized for more than one year preceding an election and endorsing candidates for more than one office or more than one political party is presumed not to be controlled by a candidate; however, a group that contributes more than 50 percent of its money to or on behalf of one candidate shall be considered to support only one candidate for purposes of AS 15.13.070, whether or not control of the group has been disclaimed by the candidate; and

(C) any combination of two or more individuals acting jointly who organize for the principal purpose of filing an initiative proposal application under AS 15.45.020 or who file an initiative proposal application under AS 15.45.020;

Contribution Limits

FROM	TO CANDIDATE	TO GROUP & NON GROUP ENTITY	TO BALLOT GROUP	TO PARTY
Individual (resident)	\$500	\$500	<u>Unlimited</u> Individuals and business entities who make any expenditure for advertising or publication of campaign material must file a 15-6 Statement of Independent Expenditures form with the commission.	\$5,000
Individual (non-resident)	\$500 If the candidate has not exceeded aggregate limit below: \$20,000 Gov/Lt. Gov \$5,000 Senate \$3,000 House/Municipal.	\$500 If the group has not exceeded the aggregate limit of 10% of its total contributions.	Expenditures form with the commission. <u>Unlimited</u> Persons, including business entities contributing \$500 or more each time must file a 15-5 Statement of Contributions form with the commission.	\$5,000 If the party has not exceeded the aggregate limit of 10% of its total contributions.
Corporations, Business Organizations, Unions	Prohibited	Prohibited (except for ballot measure campaigns).		Prohibited
Group (based in Alaska)	\$1,000	\$1,000	<u>Unlimited</u> (same as above)	\$1,000
Group (based outside Alaska)	Prohibited	*\$1,000 Only if a non-resident group is registered with the commission and receives no prohibited contributions by state law.	<u>Unlimited</u> (same as above)	\$1,000 Only if a non-resident group is registered with the commission and receives no prohibited contributions by state law.
Nongroup Entity (based in Alaska)	\$1,000	\$1,000	<u>Unlimited</u> (same as above)	\$1,000
Nongroup Entity (based outside of Alaska)	Prohibited	*\$1,000 Only if a non-resident group is registered with the commission and receives no prohibited contributions by state law. See 15.13.072(h)	<u>Unlimited</u> File a 15-5 form for Contributions of \$500 or more or a 15-6 form for expenditures in advertising, publication and/or distribution of campaign material with the commission.	\$1,000 Only if the non-resident non-group entity is registered with the commission and receives no contributions prohibited by state law.
Political Party	Governor \$100,000 Lt. Governor \$100,000 Senate \$15,000 House \$10,000 Municipal \$5,000	Unlimited	<u>Unlimited</u> (same as above)	Unlimited

*Refer to AS 15.13 Statutes/Regulations for further information.

January 28, 2017

TO: Chair, Alaska Senate State Affairs Committee

FROM: Mr. Lynn Willis, Eagle River, Alaska 99577

RE: Testimony regarding SB 5 "POLITICAL CONTRIBUTION LIMITS/PROHIBITION"

Senator Dunleavy – Committee Chair

I thank the Sponsor for introducing this legislation and I support it. I see that SB5 hasn't any co-sponsors as of today which obviously places myself and the sponsor in the minority. Given that level of support I trust this bill is headed to the dustbin after this perfunctory effort.

For many of us, the ghost of Mr. Bill Allen still haunts the halls of Juneau and allowing individual legislators to form and control Political Actions Committees (PACs) only enhances that perception.

Thank you. Lynn Willis

From: John Shively <jtshively@att.net>
Sent: Friday, February 10, 2017 5:13 PM
To: Sen. Kevin Meyer
Subject: SB 5

Dear Sen. Meyer,

Thank you for introducing SB 5. I strongly endorse its passage. I think having legislators operating their own political action committee distorts the election process and serves to increase any mistrust citizens may have in our political system.

John Shively

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