

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

HB 134, SSHB 137 275

HB

134

HOUSE COMMITTEE REPORT

(11)

Date referred: 3/6/87

FURTHER REFERRALS:

DATE: 4/3/87

The Finance Committee has considered HB 134

"An Act permitting payment of certain permanent fund dividends into the principal of the permanent fund."

RECOMMENDS:

- replace with CS HB 134 (Fin) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: Finance letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

POURCHOT [Signature]

GOLL [Signature]

SIGNING OTHER RECOMMENDATIONS:

ADAMS [Signature] ^{no rec} - DO NOT PASS

WILLIS [Signature] - DO NOT PASS

LARSON [Signature] No Rec.

BOYER [Signature] No rec

FRANK [Signature] No Rec

RIESER [Signature] No Recommendation

BROWN [Signature] No Rec

DAVIS [Signature] - [Signature]

SWACKHAMMER (signature top) [Signature] good idea that needs work

[Signature]
Chairman's signature



Official Business

Alaska State Legislature

HOUSE OF REPRESENTATIVES

Committee on Finance

P.O. Box V
State Capitol
Juneau, Alaska 99811

HOUSE FINANCE COMMITTEE
LETTER OF INTENT
FOR

CS HB 134 (Finance)

If all costs of implementing the provisions of the Permanent Fund Dividend checkoff authorized in this Act are not off-set annually by an equal or larger amount of money elected by participants to be redeposited into the corpus of the Permanent Fund, it is the intent of the Legislature that the checkoff option be discontinued.

It is further the intent of the Legislature that possible tax liabilities or obligations under federal or state law be stated in the information accompanying the Permanent Fund application form provided by the Department of Revenue for this checkoff option as well as the Permanent Fund dividend itself.

A handwritten signature in cursive script, appearing to read "Al Adams".

Al Adams, Chairman
House Finance Committee

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

A

REQUEST _____

Bill Version: CSHB 134 (Fin)
Publish Date: _____

Revision Date: _____
Title: An act permitting payment of certain PFD's into the Permanent Fund
Sponsor: Pearce, Pourchot
Requestor: House State Affairs

Agency Affected: Revenue
BRU: Permanent Fund Dividend
Components: Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	21.9	10.7	10.7	10.7	10.7
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	11.0	11.0	11.0	11.0	11.0
SUPPLIES	-	0.2	0.2	0.2	0.2	0.2
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	33.1	21.9	21.9	21.9	21.9
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (PFD)	-	33.1	21.9	21.9	21.9	21.9
TOTAL	-	33.1	21.9	21.9	21.9	21.9

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	2	2	2	2	2
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

Prepared By: Ervin B. Jones
Division: Administrative Services

Phone: 465-2313
Date: 3/2/87

Approved by Commissioner: [Signature]
Agency: Revenue

Date: 3/2/87

Distribution (by Agency preparing fiscal note):

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

NOTE: SOME PEOPLE DO THIS ALSO. THEY JUST SEND THE BUDGET TO THE COMMISSIONER FOR REVIEW. IT IS SHOWING ON THE FINANCIALS AS "CITIZEN CONTRIBUTIONS" [Signature]

Department of Revenue
Administrative Services Division
Fiscal Note Analysis
HB 134
3/2/87

Assumptions:

1. The bill will take effect for the 1988 permanent fund dividend year and application. The 1987 dividend application has already been printed.
2. There are seven other bills which if signed into law, would result in some form of "check-off" on the 1988 dividend application, in addition to the existing Olympic Fund checkoff. The Department of Revenue has no insight as to which, and how many, of these bills will become law. This fiscal note, and all related fiscal notes, is prepared on the assumption that the subject bill is the only bill of this nature which will become law. The passage of multiple bills with varying formulas (\$5, half of dividend, all or part of dividend, etc.) will inevitably have a compounding effect. Whereas there may be savings in some areas, there will be increased costs in others.
- 3) All incremental costs of administering this law will be borne by the same source of funding as the general administration of the PFD program, currently the dividend fund.
- 4) The incremental cost of computer resources will result in a chargeback by the Department of Administration.
- 5) Whereas the cost of programming changes will be a one-time cost, the cost of document review, data capture, data processing chargeback, and the extra page in the dividend application will be continuing.
- 6) Elections will only be honored to the extent of available funds. Garnishments and assignments will take precedence in the order established by statute. Contributions and elections will then be honored in the order listed on the form schedule, which will be in the order they become law.

Program Summary:

The provision of an election on the dividend application to have the dividend deposited into the principal of the permanent fund will cause additional administrative cost in several areas:

- a) An additional page added to each booklet and a schedule of contribution election decisions on each application.
- b) The computer system will need to be changed to account for the change in the program, to establish new accounting controls and to provide for the transfer of funds to the Permanent Fund (see Attachment A).
- c) Each of approximately 540,000 PFD applications will need to be visually reviewed and coded as to decision on the election decision. Each application will be data captured with additional attention and keystrokes expended on each positive decision.

1. Positions

1 PPT Analyst/Programmer V, R21
@ \$5,638.47/Mo including salary
and benefits for 2 months = \$11.2

PCN 04-1125 would be funded for an additional two months, in accordance with Attachment A. Ongoing maintenance of new programs would be accomplished by existing staff.

1 PPT Document Processor I, R7
@ \$2,117.76/Mo, including salary and
benefits for 3 months = \$6.3

This position would assist in the manual review and coding of 540,000 applications for the new election decision. This position represents the equivalent of the additional time and effort.

1 PPT Data Processing Clerk I, R8,
@ \$2,221.64/Mo, including salary and
benefits for 2 months = \$4.4

This position would assist in the data capture of the additional election decision. The position represents the equivalent value of the additional time and effort.

TOTAL Personal Services \$21.9

2. Other Expenditures:

a) Travel: None.

b) Contractual:

Data Processing Chargeback \$5.0
Add a page to the PFD Booklet \$6.0

c) Supplies: \$0.2

d) Equipment: Use existing equipment 0.0

TOTAL COST \$33.1

3. Funding: Permanent Fund Dividend Fund.

4. Section Cost Analysis: N/A.

Computations: N/A.

Economic Impact: N/A.

Impact on Local Government: N/A.

Suggested Amendments: None.

Attachments: Attachment A: "Summary of DP Needs"

Department of Revenue
Administrative Services Division
Fiscal Note Analysis
HB 134
Summary of Data Processing Requirements
3/2/87

Wang data entry processing	75.0 hours
Includes:	Data entry Batch lists Corrections Wang to IBM transfer
IBM Update jobs	30.0 hours
Includes:	Edits Batch listings Log sheets
DMS Online programs for lookup and changes	37.5 hours
Nightly Update of Changes	22.5 hours
Warrant Jobs	90.0 hours
Includes:	Printing warrants with different amounts. Include check stub messages. Modify warrant registers as needed for balancing. Create new program(s) for transferring accumulated decisions to the Permanent Fund, and to account for the reserve necessary due to returned and cancelled PFD warrants.
Miscellaneous	45.0 hours
Includes:	Setting up test files on IBM Systems testing Administrative functions, i.e. paper work required by Admin. DP to add files and programs to tables.
TOTAL HOURS	300.0 hours

Original sponsors: Pearce, Pourchot
and Collins

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 134 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act permitting payment of certain permanent fund
7 dividends into the principal of the permanent fund."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. PERMANENT FUND DIVIDENDS. (a) Except as provided in (b)
10 of this section, a person who is eligible to receive a permanent fund divi-
11 dend may elect to receive the dividend in cash or have it deposited into
12 the principal of the permanent fund.

13 (b) A person who is authorized to claim a dividend on behalf of
14 another under AS 43.23.005(c) may only receive the dividend in cash. The
15 Department of Revenue shall require an individual to take a permanent fund
16 dividend in cash if the department receives a levy, execution, garnishment,
17 attachment or other legal remedy for the collection of a past due debt
18 applicable to the dividend.

19 (c) The Department of Revenue shall prepare a permanent fund dividend
20 application form to allow an applicant, other than a person who is claiming
21 a dividend on behalf of another, to elect to receive the dividend in cash
22 or to have it deposited into the principal of the permanent fund.

23 (d) The Department of Revenue may adopt regulations under the Admin-
24 istrative Procedure Act (AS 44.62) that establish procedures and time
25 limits for electing to have a dividend paid into the principal of the
26 permanent fund.

27 (e) By the 10th day of the Second Session of the Sixteenth Alaska
28 State Legislature, the commissioner of revenue shall submit a report to the
29 legislature listing, by year, the number of applicants who have elected to

1 have dividends deposited into the principal of the permanent fund, the
2 amount of money deposited into the fund as a result of those elections, and
3 the administrative costs of implementing this Act.

4 * Sec. 2. This Act is repealed December 31, 1990.

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Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE
COMMITTEE ON OIL AND GAS



ANCHORAGE
P.O. BOX 104836
ANCHORAGE, AK 99510
(W) (907) 276-6818
(H) (907) 338-2425

JUNEAU
POUCH V
STATE CAPITOL
JUNEAU, AK 99811
(907) 465-3712

House of Representatives

MEMORANDUM

DATE: April 1, 1987

TO: House Finance Committee Members

FROM: Representative Pat Pourchot, Vice Chair
House Finance Committee

SUBJECT: HB 134, (Permitting payment of certain permanent fund dividends into the principal of the permanent fund)

Attached is a draft Finance CS for HB 134 which addresses the concerns expressed by Finance Committee members during Monday's hearing.

As a means of addressing the Committee's desire to have a "sunset" provision included in HB 134, the bill has been redrafted in the form of a Temporary Act and will provide two full years of operation (1988 and 1989) and one full session (1990) for legislative review before expiring on December 31, 1990.

A Letter of Intent is included which states that the program shall pay for itself and that the tax consequences shall be flagged on the Permanent Fund Dividend application form.

The sponsor has approved the attached draft.

Original sponsors: Pearce, Pourchot
and Collins

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 134 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

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28 State Legislature, the commissioner of revenue shall submit a report to the
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1 have dividends deposited into the principal of the permanent fund, the
2 amount of money deposited into the fund as a result of those elections, and
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DRAFT LETTER OF INTENT, HB 134

If all costs of implementing the provisions of the Permanent Fund Dividend checkoff authorized in this Act are not off-set annually by an equal or larger amount of money elected by participants to be redeposited into the corpus of the Permanent Fund, it is the intent of the Legislature that the checkoff option be discontinued.

It is further the intent of the Legislature that possible tax liabilities or obligations under federal or state law be stated in the information accompanying the Permanent Fund application form provided by the Department of Revenue for this checkoff option as well as the Permanent Fund dividend itself.

1986

ADULT APPLICATION

A

DUE DATE: JUNE 30, 1986

THIS SPACE FOR OFFICE USE ONLY

This application must be used by all eligible residents who are 18 years of age or older, or who are legally emancipated minors if less than 18 years of age. **TO FILE ON BEHALF OF ANOTHER ADULT, YOU MUST ALSO COMPLETE AND ATTACH FORM 04-100 B. USE THE SEPARATE FORM 04-100 C TO FILE ON BEHALF OF A CHILD.** Please type or print neatly.

<p>PERMANENT FUND DIVIDEND RESIDENCY DEFINED To be a resident for the purpose of qualifying for an Alaska permanent fund dividend, you must be present in the state and intend to remain permanently. If you are outside Alaska, you must have been a resident before leaving, demonstrate at all times during your absence an intent to return to Alaska and remain permanently, and be absent for at least one of the allowable reasons as stated in the instructions.</p>		<p>9. I have been a continuous Alaska resident since: (month, day if known, year)</p>																													
<p>1. ELIGIBILITY REQUIREMENTS. Please check the appropriate box beside each of the following statements.</p> <p>YES NO</p> <p><input type="checkbox"/> <input type="checkbox"/> A. I was an Alaska resident for the entire period October 1, 1985 through March 31, 1986.</p> <p><input type="checkbox"/> <input type="checkbox"/> B. I am, and intend to remain, an Alaska resident at the time I file this application.</p> <p>You may apply for an Alaska permanent fund dividend only if you answered yes to both statements.</p>		<p>10. My spouse's name: (first name, initial, last name)</p>																													
<p>2. My date of birth:</p> <p>MONTH DAY BIRTH YEAR</p>		<p>11. EMPLOYMENT DURING RESIDENCY PERIOD.</p> <p>A. Name and mailing address of my primary employer during the period October 1, 1985 through March 31, 1986:</p>																													
<p>3. My Social Security Number*</p>		<p>B. Date employment began: C. Employer's Telephone No.:</p>																													
<p>4. My First Name Initial Last Name</p> <p>Mailing Address</p> <p>City, State, Zip Code</p>		<p>D. My occupation: (Note: If you were a member of the U.S. armed forces, you must attach a copy of your Leave and Earnings Statement for September 1985. If unavailable, attach a certified copy of form DD 2058, State of Legal Residence Certificate.)</p>																													
<p>5. My home is physically located at: (number, street and city, or physical location)</p>		<p>E. Work Status: In the box to the right, enter the letter A-L which describes your work status. See page 4 of the line-by-line instructions for work status codes.</p>																													
<p>6A. My Home Telephone No. 6B. My Work Telephone No.</p> <p>() ()</p>		<p>12. ABSENCES. During the period October 1, 1985 through March</p>																													
<p>7. CITIZENSHIP STATUS. I have the following status:</p> <p><input type="checkbox"/> A. U.S. citizen</p> <p><input type="checkbox"/> B. Resident alien, refugee, or asylee</p> <p>(Enter Alien Registration No. A-_____)</p>		<p>13. ANNUITY PROGRAM. First read the information about this program on page _____. Check the appropriate box below to transfer a percentage of your 1988 permanent fund dividend to an annuity account. CAUTION: The percent you indicate will be subtracted from your 1988 dividend. Leave this section blank if you do NOT wish to participate in the annuity program.</p> <p>A. <input type="checkbox"/> 25% B. <input type="checkbox"/> 50% C. <input type="checkbox"/> 75% D. <input type="checkbox"/> 100%</p>																													
<p>8. ADULT STATUS. I have adult status because I am:</p> <p><input type="checkbox"/> A. 18 years of age or older</p> <p><input type="checkbox"/> B. Under 18 years of age but legally emancipated by: (check one)</p> <p><input type="checkbox"/> 1. Marriage (attach copy of marriage certificate)</p> <p><input type="checkbox"/> 2. Other (attach copy of court order)</p>		<p>14. PERMANENT FUND DIVIDEND CONTRIBUTIONS. See page ____ of the instructions for information on the contribution options. Check the box(es) beside the program(s) you want to support with your permanent fund dividend. CAUTION: The total amount you indicate will be subtracted from your 1988 dividend. Leave this section blank if you want to receive the full dividend amount.</p> <table border="1"> <thead> <tr> <th>CONTRIBUTION OPTION</th> <th>CONTRIBUTION AMOUNT</th> </tr> </thead> <tbody> <tr> <td>A. <input type="checkbox"/> Alaska Winter Olympics Account</td> <td>\$ 5.00</td> </tr> <tr> <td>B. <input type="checkbox"/> Alaska Children's Trust Fund</td> <td>\$ _____</td> </tr> <tr> <td>C. <input type="checkbox"/> Alaska Educational Trust Fund</td> <td>50%</td> </tr> <tr> <td>D. <input type="checkbox"/> Principal of Permanent Fund</td> <td>100%</td> </tr> <tr> <td>E. <input type="checkbox"/> Public Broadcasting Account</td> <td>\$ 5.00</td> </tr> <tr> <td>F. <input type="checkbox"/> Arts Account</td> <td>\$ 5.00</td> </tr> <tr> <td>G. <input type="checkbox"/> Arctic Winter Games Account</td> <td>\$ 5.00</td> </tr> <tr> <td>H. Political Parties Account</td> <td></td> </tr> <tr> <td> (1) <input type="checkbox"/> Alaska Democratic Party</td> <td>\$25.00</td> </tr> <tr> <td> (2) <input type="checkbox"/> Alaska Libertarian Party</td> <td>\$25.00</td> </tr> <tr> <td> (3) <input type="checkbox"/> Alaska Republican Party</td> <td>\$25.00</td> </tr> <tr> <td>I. <input type="checkbox"/> Community Schools Grant Fund</td> <td>\$ 5.00</td> </tr> <tr> <td>J. <input type="checkbox"/> Alaska Eskimo-Indian Olympics Account</td> <td>\$ 5.00</td> </tr> </tbody> </table>		CONTRIBUTION OPTION	CONTRIBUTION AMOUNT	A. <input type="checkbox"/> Alaska Winter Olympics Account	\$ 5.00	B. <input type="checkbox"/> Alaska Children's Trust Fund	\$ _____	C. <input type="checkbox"/> Alaska Educational Trust Fund	50%	D. <input type="checkbox"/> Principal of Permanent Fund	100%	E. <input type="checkbox"/> Public Broadcasting Account	\$ 5.00	F. <input type="checkbox"/> Arts Account	\$ 5.00	G. <input type="checkbox"/> Arctic Winter Games Account	\$ 5.00	H. Political Parties Account		(1) <input type="checkbox"/> Alaska Democratic Party	\$25.00	(2) <input type="checkbox"/> Alaska Libertarian Party	\$25.00	(3) <input type="checkbox"/> Alaska Republican Party	\$25.00	I. <input type="checkbox"/> Community Schools Grant Fund	\$ 5.00	J. <input type="checkbox"/> Alaska Eskimo-Indian Olympics Account	\$ 5.00
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14. EXPLANATION OF ABSENCES. If you answered "yes" to any question in section 12, you must explain the reason(s) for your absence(s) in the appropriate categories below. If you fail to disclose an absence as required, you may be denied a permanent fund dividend.

Remember, you can be a resident of only one state at a time. If you claim residency in another state for any significant purpose (e.g. to vote in a state or local election, or to qualify for resident tuition at a college or university), then you have terminated your eligibility for an Alaska permanent fund dividend.

A. OUT OF STATE AS THE SPOUSE OR DEPENDENT OF A PERSON WITH AN ALLOWABLE ABSENCE
If you check this box you must also check the category of the other person's absence and provide the requested information for that person.

Name, Social Security Number, and Address of Person You Were With

B. ARMED FORCES Branch of Service Serial Number State of Legal Residence - (Attach L.E.S. for September 1985)

Date(s) of Departure - Date(s) of Return Date of Enlistment or Last Reenlistment

C. MEDICAL TREATMENT UNDER CARE OF LICENSED PHYSICIAN Name of Physician

Date(s) of Departure - Date(s) of Return City and State Where Treated

D. BUSINESS Employer's Name Date(s) of Departure - Date(s) of Return

E. COLLEGE, SCHOOL OR UNIVERSITY Name of School

Was resident tuition paid? YES NO Degree Sought or Other Purpose Dates of Attendance

F. VACATION OR OTHER REASONS Date(s) of Departure - Date(s) of Return

Please explain reasons (attach additional pages as necessary)

RESIDENCY VERIFICATION BY TWO ADULTS WHO KNOW YOU

The statement below must be read and signed by two adults who know you, and who can attest to your eligibility for a permanent fund dividend. These persons must be willing to answer questions about your residency if requested to do so by the Department of Revenue. Your permanent fund dividend may be delayed or denied if the persons you select do not respond to such an inquiry. Persons you may wish to ask to verify your residency include your spouse, other relatives, close friends or neighbors. While not necessary, it is preferable that these persons be Alaska residents who are also applying for their permanent fund dividends.

I certify under penalty of perjury that I have read and understand the definition of an Alaska resident as stated on this application, and that to the best of my knowledge and belief the person named on this application was an Alaska resident for the entire period October 1, 1985 through March 31, 1986 and is still an Alaska resident.

I understand that I may be contacted by the Alaska Department of Revenue regarding the eligibility of the person named on this application.

15. Signature of Spouse, Relative or Friend		Date	16. Signature of Relative or Friend		Date
X			X		
Printed Name of Person Who Signed Above		Social Security Number*	Printed Name of Person Who Signed Above		Social Security Number*
Mailing Address		*Please see SSN advisory note at section 3.	Mailing Address		*Please see SSN advisory note at section 3.
City, State, Zip Code		Daytime Telephone No. ()	City, State, Zip Code		Daytime Telephone No. ()

YOUR SIGNATURE IS REQUIRED

17. SIGNATURE. It is important that you carefully read the following statement before signing. If you make any alteration to this statement, you will be denied a permanent fund dividend.

I certify under penalty of perjury that I am now and intend to remain an Alaska resident at the time I file this application and that I was an Alaska resident for the entire period October 1, 1985 through March 31, 1986.

I understand that a false claim of residency to obtain a permanent fund dividend for myself or for another is a criminal offense, and that if convicted, I will forfeit future permanent fund dividends, and that I must repay all permanent fund dividends that have been paid to me.

I also understand that this penalty is in addition to any criminal penalties imposed.

Signature X	Date
-----------------------	------

DUE DATE: JUNE 30, 1986

SEND TO: Alaska Department of Revenue
P.O. Box SR
Juneau, Alaska 99811-0400

Receipt of Applications: When processing has begun on your 1986 application, you will be notified by mail. If you need to know before then that your application has been received, you are advised to send it by U.S. certified mail with a return receipt requested or deliver it in person to a Revenue Public Service Center. If possible, please submit all the applications from your household (same mailing address) at the same time.

Dividend checks will be issued beginning October 1986.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

HB 134
3

FOUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 2800

MEMORANDUM

February 17, 1987

SUBJECT: Permitting payment of permanent fund dividends into the principal of the permanent fund (Work Order 5-0238A)

TO: Representative Drue Pearce

FROM: Tamara Brandt Cook *TBC*
Director
Division of Legal Services

Here is the sectional analysis that you requested of the bill permitting the payment of permanent fund dividends into the principal of the permanent fund.

Sec. 1. A new provision is added which permits a person to elect to receive a permanent fund dividend in cash or have it deposited into the principal of the permanent fund. A person claiming a dividend on behalf of another may only receive the dividend in cash.

Sec. 2. A public agency that claims a dividend on behalf of another may only receive cash. Existing law requires the agency to hold the dividend in trust for the individual.

Sec. 3. The permanent fund dividend application form must be prepared to allow an applicant to elect to receive cash or to have the dividend deposited into the permanent fund.

Sec. 4. The provision that permits the state to recover the payment of a dividend that was improperly made is limited to cash payments.

Sec. 5. The Department of Revenue is required to pay dividends to individuals who elect to receive cash and to make payments to the permanent fund for individuals who elect to have that done. The department's regulations must include procedures and time limits for electing to have the dividend paid into the permanent fund.

Sec. 6. The exemption from any remedy for the collection of debt is limited to cash permanent fund dividend payments.

Sec. 7. The exceptions to the exemption from any remedy for the collection of debt are limited to cash dividend payments.

Sec. 8. The Department of Revenue shall require an individual to take a dividend in cash if the department receives notice of a legal remedy for the collection of a past due debt of a type for which the exemption does not apply.

Sec. 9. "Permanent fund dividend" is redefined to include an election to have the payment deposited into the principal of the permanent fund, as well as a cash payment.

TBC:mkr
m9/022

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

December 2, 1986

SUBJECT: Permanent fund dividends
(Work Order 15-0238)

TO: Representative Drue Pearce

FROM: Tamara Brandt Cook *ABC*
Director
Division of Legal Services

Enclosed is the draft you requested allowing people to elect to have permanent fund dividends paid into the principal of the Alaska permanent fund. You asked for a reintroduction of last session's HB 462 and I have had to change the draft substantially. For this reason, please review the draft carefully to be sure it accomplishes your purpose.

Some of the changes were necessary to accommodate the amendment to AS 43.23.065 made last session. (Chapter 138, Section 67, SLA 1986) In addition, as you are undoubtedly aware, the voters approved the proposed change to the longevity bonus program creating an annuity option paid for in part from permanent fund dividends. Setting up the annuity program involves extensive revisions to AS 43.23 which were enacted two years ago but do not become effective until the legislature acts to implement the results of the advisory vote. In case that occurs, I have drafted this version to incorporate to the maximum extent possible the language that will become effective if the annuity program goes forward. Differences between the two bills can then be reconciled by the revisor without having to make changes to your bill, since the provisions in the two bills will not be in direct conflict.

The only substantive difference between this draft and HB 462 is in the treatment of a permanent fund dividend paid to a person on behalf of another. HB 462 let the guardian elect to have the payment made into the permanent fund. I note that under AS 43.23.055(3) provision is made to allow a person upon emancipation to apply for dividends not received

Representative Pearce
Page 2
December 2, 1986

during minority. In keeping with that provision, it seems to me to be preferable to require a person applying for a dividend for another to take it in cash or not at all, so that the legitimate recipient can eventually elect for himself whether to take it or place it in the permanent fund. Please let me know if you would like this aspect of your bill treated differently.

TBC:mkr
m7/040

Enclosure

1 IN THE HOUSE

BY PEARCE AND POURCHOT

2

HOUSE BILL NO. 134

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act permitting payment of certain permanent fund
7 dividends into the principal of the permanent fund."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 43.23.005 is amended by adding a new subsection to
10 read:

11 (d) A person who is eligible to receive a permanent fund divi-
12 dend under this section may elect to receive the dividend in cash or
13 have it deposited into the principal of the permanent fund. A person
14 who is authorized to claim a dividend on behalf of another under (c)
15 of this section may only receive the dividend in cash.

16 * Sec. 2. AS 43.23.015(e) is amended to read:

17 (e) If a public agency claims a [PERMANENT FUND] dividend on
18 behalf of an individual under this section, the public agency shall
19 receive cash and hold the dividend in trust for the individual. Money
20 held in trust under this subsection shall be invested by the commis-
21 sioner in accordance with AS 37.10.070.

22 * Sec. 3. AS 43.23.015 is amended by adding a new subsection to read:

23 (i) The permanent fund dividend application form shall be pre-
24 pared to allow an applicant, other than a person who is claiming a
25 dividend on behalf of another, to elect to receive the dividend in
26 cash or to have it deposited into the principal of the permanent fund.

27 * Sec. 4. AS 43.23.035(b) is amended to read:

28 (b) If the commissioner determines that a cash [PERMANENT FUND]
29 dividend should not have been claimed by or paid to an individual, the

1 commissioner may use all collection procedures or remedies available
2 for collection of taxes under this title to recover the payment of a
3 permanent fund dividend that was improperly made. A notice of an
4 improperly paid dividend must be sent to the individual within 10
5 years after the improper payment. If notice is not sent within the
6 10-year period, proceedings may not be commenced in court for recovery
7 of the improper payment.

8 * Sec. 5. AS 43.23.055 is amended to read:

9 Sec. 43.23.055. DUTIES OF THE DEPARTMENT. The department shall

10 (1) annually pay permanent fund dividends from the dividend
11 fund to individuals who elect under AS 43.23.005(d) to receive cash
12 and make payments to the principal of the permanent fund for indi-
13 viduals who elect under AS 43.23.005(d) to make a deposit to the fund;

14 (2) adopt regulations under the Administrative Procedure
15 Act (AS 44.62) that establish procedures and time limits for claiming
16 a permanent fund dividend or for electing to have the dividend paid
17 into the principal of the permanent fund; the department shall set the
18 time limit for applications for permanent fund dividends so that the
19 number of eligible applicants is determined by October 1 of the year
20 for which the dividend is declared and permanent fund dividends for a
21 year are paid before April 30 of the year following that year;

22 (3) adopt regulations under the Administrative Procedure
23 Act (AS 44.62) that establish procedures and time limits for an indi-
24 vidual upon emancipation or upon reaching majority to apply for perma-
25 nent fund dividends not received during minority because the parent,
26 guardian, or other authorized representative did not apply on behalf
27 of the individual; and

28 (4) assist residents of the state, particularly in rural
29 areas, who because of language, disability, or inaccessibility to

1 public transportation need assistance to establish eligibility and to
2 apply for permanent fund dividends.

3 * Sec. 6. AS 43.23.065(a) is amended to read:

4 (a) Except as provided in (b) of this section, 50 percent of a
5 cash [THE ANNUAL] permanent fund dividend payment [PAYABLE TO AN
6 INDIVIDUAL] is exempt from levy, execution, garnishment, attachment,
7 or any other remedy for the collection of debt. This exemption
8 applies to an eligible individual's permanent fund dividend both
9 before and after payment is made to the individual.

10 * Sec. 7. AS 43.23.065(b) is amended to read:

11 (b) An exemption is not available under this section for cash
12 permanent fund dividend payments [DIVIDENDS] taken to satisfy

13 (1) child support obligations required by court order or
14 decision of the child support enforcement agency under AS 47.23.140 -
15 47.23.220;

16 (2) court ordered restitution under AS 12.55.045 - 12.55.-
17 051 or 12.55.100;

18 (3) a court ordered probation fee under AS 12.55.105; or

19 (4) a debt owed by an eligible individual to an agency of
20 the state, unless the debt is contested and an appeal is pending, or
21 the time limit for filing an appeal has not expired.

22 * Sec. 8. AS 43.23.065 is amended by adding a new subsection to read:

23 (d) The department shall require an individual to take a perma-
24 nent fund dividend in cash if the department receives a levy, execu-
25 tion, garnishment, attachment or other legal remedy for the collection
26 of a past due debt described in (b) of this section.

27 * Sec. 9. AS 43.23.095(6) is repealed and reenacted to read:

28 (6) "permanent fund dividend" means a right to receive a
29 payment from the dividend fund or to elect to have the payment

i deposited into the principal of the permanent fund.

S S H B

/ 3 7

HOUSE COMMITTEE REPORT

(11)

Date referred: 2/26/88

FURTHER REFERRALS:

DATE: 3/17/88

The Finance Committee has considered SSHB 137

"An Act relating to the duration and financing of election campaigns."

RECOMMENDS:

- replace with CSSSHB137(Fin) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published 2/26/88
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

POURCHOT	<u>Pat Pourchot</u>	ADAMS	<u>Al Adams - DO NOT PASS</u>
BROWN	<u>Tay Brown</u>	GOLL	<u>Peter Goll - No Rec</u>
DAVIS	<u>Mike Davis</u>	BOYER	<u>Mark Boyer NO REC</u>
SWACK-HAMMER	<u>Cliff Swack-Hammer</u>	RIEGER	<u>John Rieger No Recommendation</u>
FRANK	<u>Bob Frank</u>	TARSON	<u>Ronald Tarson - No rec.</u>

Al Adams
Chairman's signature

STATE OF ALASKA
1988 LEGISLATIVE SESSIONBILL 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 JudiciaryAgency Affected: AK Public Offices Commissio
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
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REVENUE		0	0	0	0	0
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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 CommissionPhone: (907) 276-4176
Date: 2/24/88Approved by Commissioner: Daniel Patrick O'Tierney *
Agency: Alaska Public Offices CommissionDate: 2/24/88

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)page 1 of 3

*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).

Original sponsors: Brown, Ellis,
Davis, et al.

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 137 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Public Offices Commission and
7 to the duration and financing of election campaigns;
8 and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 15.13.020(a) is amended to read:

11 (a) There is created in the Department of Administration the
12 Alaska Public Offices Commission consisting of five members. The
13 governor shall appoint the members of the commission under (b) and (c)
14 of this section. The members of the commission are subject to confir-
15 mination by a majority of the members of the legislature meeting in
16 joint session.

17 * Sec. 2. AS 15.13.020(c) is repealed and reenacted to read:

18 (c) The members appointed by the governor under (b) of this
19 subsection shall nominate to the governor, by a majority vote, the
20 fifth member of the commission when a vacancy occurs in that position.
21 The governor shall either appoint the nominee of the commission or
22 request a new nomination from the commission.

23 * Sec. 3. AS 15.13 is amended by adding a new section to read:

24 Sec. 15.13.065. LIMITATIONS ON ACCEPTING CONTRIBUTIONS. (a) A
25 candidate may accept a contribution only during an election campaign.

26 (b) During the election campaign, a candidate for the office of
27 governor or lieutenant governor may not accept

28 (1) more than \$1,000 in contributions from a person, a
29 corporation, a labor union, or a group other than a political party

1 and its subdivisions;

2 (2) a cumulative total of more than \$80,000 in contribu-
3 tions from corporations, labor unions, and groups, including political
4 parties and their subdivisions.

5 (c) During the election campaign, a candidate for the state
6 senate may not accept

7 (1) more than \$1,000 in contributions from a person, a
8 corporation, a labor union, or a group other than a political party
9 and its subdivisions;

10 (2) a cumulative total of more than \$40,000 in contribu-
11 tions from corporations, labor unions, and groups, including political
12 parties and their subdivisions.

13 (d) During the election campaign, a candidate for the state
14 house of representatives may not accept

15 (1) more than \$1,000 in contributions from a person, a
16 corporation, a labor union, or a group other than a political party
17 and its subdivisions;

18 (2) a cumulative total of more than \$20,000 in contribu-
19 tions from corporations, labor unions, and groups, including political
20 parties and their subdivisions.

21 (e) Except for a candidate for mayor, during an election cam-
22 paign a candidate for municipal office and a candidate for office not
23 described in (b) - (d) of this section may not accept

24 (1) more than \$1,000 in contributions from a person, a
25 corporation, a labor union, or a group other than a political party
26 and its subdivisions;

27 (2) a cumulative total of more than \$20,000 in contribu-
28 tions from corporations, labor unions, and groups, including political
29 parties and their subdivisions.

1 (f) Except as provided under (g) of this section, during an
2 election campaign a candidate for mayor may not accept

3 (1) more than \$1,000 in contributions from a person, a
4 corporation, a labor union, or a group other than a political party
5 and its subdivisions;

6 (2) a cumulative total of more than \$20,000 in contribu-
7 tions from corporations, labor unions, and groups, including political
8 parties and their subdivisions.

9 (g) Notwithstanding (f) of this section, a candidate for mayor
10 in a municipality that contains more than one house election district
11 within its boundaries may accept contributions during an election
12 campaign with a cumulative total under (f)(2) and (3) of this section
13 multiplied by the number of house election districts that are located
14 within the municipality except that a candidate for mayor may not in
15 any case accept a cumulative total of more than \$80,000 in contribu-
16 tions from corporations, labor unions, and groups, including political
17 parties and their subdivisions.

18 (h) A candidate is subject to the limitations established in
19 this section only for the office for which the candidate most recently
20 filed a declaration of candidacy or nominating petition. A candidate
21 who withdraws as a candidate for an office and refiles for an office
22 with a lower limitation on the acceptance of campaign contributions
23 shall return the amount of each contribution that exceeds the limita-
24 tions established for the current candidacy.

25 (i) In this section, "election campaign" means

26 (1) for a candidate for a nonstatewide state office who is
27 not a member of the legislature, the period between September 1 of the
28 year before the year in which the election will be held through Decem-
29 ber 31 of the year of the general election;

1 (2) for a candidate who is a member of the legislature, the
2 period between September 1 of the year before the year in which the
3 election will be held through December 31 of the year of the general
4 election but excluding the period of any session of the legislature;

5 (3) for a candidate for a statewide office, the period
6 between September 1 of the year that is two years before the year in
7 which the election will be held through December 31 of the year of the
8 general election;

9 (4) for a candidate for municipal office, the period 90
10 days before the date of the municipal election through the day that is
11 60 days after the date of the municipal election;

12 (5) for a candidate for municipal office at a run-off elec-
13 tion, the period from the day after the date of the municipal election
14 through the day that is 60 days after the date of the run-off elec-
15 tion.

16 * Sec. 4. AS 15.13.070 is amended by adding a new subsection to read:

17 (i) An individual who accepts campaign contributions as a candi-
18 date for public office may not convert surplus campaign funds to
19 personal income at any time. A candidate who has advanced funds to
20 the campaign may recover the amounts advanced, but may only do so
21 during the election campaign. A candidate shall dispose of campaign
22 funds that were not spent or obligated during the election campaign by

23 (1) leaving the funds in a campaign account for a future
24 election campaign;

25 (2) transferring the funds to an account for the office, in
26 the case of a successful candidate only;

27 (3) donating the funds to an organization that qualifies as
28 a charitable organization under 26 U.S.C. 501(c);

29 (4) donating the funds to the general fund of the state or

1 of a municipality of the state organized under AS 29;

2 (5) returning the funds to contributors on a pro rata
3 basis; or

4 (6) making campaign contributions not in violation of
5 AS 15.13.065 to another candidate or group or by making independent
6 expenditures.

7 * Sec. 5. AS 15.13.110 is amended by adding a new subsection to read:

8 (f) The contributions received and expenditures made by each
9 state, regional, and local executive committee of a political party
10 shall be reported

11 (1) in even numbered years, within 10 days after the end of
12 each calendar quarter until reports are due under (a) of this section;

13 (2) in odd numbered years, within 10 days after the end of
14 each calendar quarter.

15 * Sec. 6. AS 15.13.125 is amended to read:

16 Sec. 15.13.125. CIVIL PENALTIES [PENALTY: LATE FILING OF REQUIR-
17 ED REPORTS]. A person who fails to file a properly completed and
18 certified report within the time required by AS 15.13.110(a)(1), (3),
19 (4) or 15.13.110(d) is subject to a civil penalty of not more than \$10
20 a day for each day the delinquency continues as determined by the
21 commission subject to right of appeal to the superior court. A person
22 who fails to file a properly completed and certified report within the
23 time required by AS 15.13.110(a)(2) or 15.13.110(b) is subject to a
24 civil penalty of not more than \$50 a day for each day the delinquency
25 continues as determined by the commission subject to right of appeal
26 to the superior court. A candidate who accepts a contribution in
27 violation of AS 15.13.065 or 15.13.070 is subject to a civil penalty
28 of not more than five times the amount of the contribution accepted.
29 An affidavit stating facts in mitigation may be submitted to the

1 commission by a person against whom a civil penalty is assessed.
2 However, the imposition of the penalties prescribed in this section or
3 in AS 15.13.120 does not excuse that person from filing reports re-
4 quired by this chapter.

5 * Sec. 7. AS 15.25.040 is amended by adding a new subsection to read:

6 (e) A statewide candidate may not file a declaration before
7 September 1 of the year that is two years before the year in which the
8 election will be held. Except for a statewide candidate, a declara-
9 tion may not be filed before September 1 of the year before the year
10 in which the election will be held.

11 * Sec. 8. AS 15.25.150 is amended by adding a new subsection to read:

12 (b) A statewide candidate may not file a petition before Septem-
13 ber 1 of the year that is two years before the year in which the
14 election will be held. Except for a statewide candidate, a petition
15 may not be filed before September 1 of the year before the year in
16 which the election will be held.

17 * Sec. 9. AS 24.60.030(f) is amended to read:

18 (f) It is a conflict of interest for a member of the legislature
19 to accept campaign contributions [MONEY FROM AN EVENT HELD WITHIN THE
20 CAPITAL CITY] during the session [IF A SUBSTANTIAL PURPOSE OF THE
21 EVENT IS TO RAISE MONEY ON BEHALF OF THE MEMBER FOR STATE LEGISLATIVE
22 CAMPAIGN PURPOSES OR FOR OTHER STATE LEGISLATIVE POLITICAL PURPOSES].

23 * Sec. 10. AS 29.26.020 is amended by adding a new subsection to read:

24 (c) A nominating petition or declaration of candidacy may not be
25 filed more than 90 days before the date of the election.

26 * Sec. 11. The prohibition in AS 15.13.065, as added in sec. 3 of this
27 Act, against the acceptance of campaign contributions by a candidate for
28 elective office outside of an election campaign does not apply to the
29 acceptance by a candidate for

1 (1) state elective office of campaign contributions to retire
2 debt in existence on November 8, 1988, and the candidate may accept cam-
3 paign contributions at any time to retire that debt;

4 (2) municipal office of campaign contributions to retire debt in
5 existence on the day after the first municipal election occurring after
6 July 1, 1988, and the candidate may accept campaign contributions at any
7 time to retire that debt.

8 * Sec. 12. APPLICABILITY. The provisions of secs. 3 - 4, 6 - 8, 9 and
9 11 of this Act are applicable to state election campaigns started after
10 November 8, 1988. The provisions of secs. 3 - 4, 6, and 10 - 11 of this
11 Act are applicable to municipal election campaigns started after the day
12 after the first municipal election occurring after July 1, 1988.

13 * Sec. 13. AS 15.13.070(a) and AS 24.60.030(g) are repealed.

14 * Sec. 14. This Act takes effect July 1, 1988.

5-02272 ✓
Bradley
3/16/88

Original sponsors: Brown, Ellis,
Davis, et al.

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 137 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act relating to the Public Offices Commission and
7 to the duration and financing of election campaigns;
8 and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 15.13.020(a) is amended to read:

11 (a) There is created in the Department of Administration the
12 Alaska Public Offices Commission consisting of five members. The
13 governor shall appoint the members of the commission under (b) and (c)
14 of this section. The members of the commission are subject to confir-
15 mation by a majority of the members of the legislature meeting in
16 joint session.

17 * Sec. 2. AS 15.13.020(c) is repealed and reenacted to read:

18 (c) The members appointed by the governor under (b) of this
19 subsection shall nominate to the governor, by a majority vote, the
20 fifth member of the commission when a vacancy occurs in that position.
21 The governor shall either appoint the nominee of the commission or
22 request a new nomination from the commission.

23 * Sec. 3. AS 15.13 is amended by adding a new section to read:

24 Sec. 15.13.065. LIMITATIONS ON ACCEPTING CONTRIBUTIONS. (a) A
25 candidate may accept a contribution only during an election campaign.

26 (b) During the election campaign, a candidate for the office of
27 governor or lieutenant governor may not accept

28 (1) more than \$1,000 in contributions from a person, a
29 corporation, a labor union, or a group other than a political party

1 and its subdivisions;

2 (2) a cumulative total of more than \$80,000 in contribu-
3 tions from corporations, labor unions, and groups, including political
4 parties and their subdivisions.

5 (c) During the election campaign, a candidate for the state
6 senate may not accept

7 (1) more than \$1,000 in contributions from a person, a
8 corporation, a labor union, or a group other than a political party
9 and its subdivisions;

10 (2) a cumulative total of more than \$40,000 in contribu-
11 tions from corporations, labor unions, and groups, including political
12 parties and their subdivisions.

13 (d) During the election campaign, a candidate for the state
14 house of representatives may not accept

15 (1) more than \$1,000 in contributions from a person, a
16 corporation, a labor union, or a group other than a political party
17 and its subdivisions;

18 (2) a cumulative total of more than \$20,000 in contribu-
19 tions from corporations, labor unions, and groups, including political
20 parties and their subdivisions.

21 (e) Except for a candidate for mayor, during an election cam-
22 paign a candidate for municipal office and a candidate for office not
23 described in (b) - (d) of this section may not accept

24 (1) more than \$1,000 in contributions from a person, a
25 corporation, a labor union, or a group other than a political party
26 and its subdivisions;

27 (2) a cumulative total of more than \$20,000 in contribu-
28 tions from corporations, labor unions, and groups, including political
29 parties and their subdivisions.

1 (f) Except as provided under (g) of this section, during an
2 election campaign a candidate for mayor may not accept

3 (1) more than \$1,000 in contributions from a person, a
4 corporation, a labor union, or a group other than a political party
5 and its subdivisions;

6 (2) a cumulative total of more than \$20,000 in contribu-
7 tions from corporations, labor unions, and groups, including political
8 parties and their subdivisions.

9 (g) Notwithstanding (f) of this section, a candidate for mayor
10 in a municipality that contains more than one house election district
11 within its boundaries may accept contributions during an election
12 campaign with a cumulative total under (f)(2) and (3) of this section
13 multiplied by the number of house election districts that are located
14 within the municipality except that a candidate for mayor may not in
15 any case accept a cumulative total of more than \$80,000 in contribu-
16 tions from corporations, labor unions, and groups, including political
17 parties and their subdivisions.

18 (h) A candidate is subject to the limitations established in
19 this section only for the office for which the candidate most recently
20 filed a declaration of candidacy or nominating petition. A candidate
21 who withdraws as a candidate for an office and refiles for an office
22 with a lower limitation on the acceptance of campaign contributions
23 shall return the amount of each contribution that exceeds the limita-
24 tions established for the current candidacy.

25 (i) In this section, "election campaign" means

26 (1) for a candidate for a nonstatewide state office who is
27 not a member of the legislature, the period between September 1 of the
28 year before the year in which the election will be held through Decem-
29 ber 31 of the year of the general election;

1 (2) for a candidate who is a member of the legislature, the
2 period between September 1 of the year before the year in which the
3 election will be held through December 31 of the year of the general
4 election but excluding the period of any session of the legislature;

5 (3) for a candidate for a statewide office, the period
6 between September 1 of the year that is two years before the year in
7 which the election will be held through December 31 of the year of the
8 general election;

9 (4) for a candidate for municipal office, the period 90
10 days before the date of the municipal election through the day that is
11 60 days after the date of the municipal election;

12 (5) for a candidate for municipal office at a run-off elec-
13 tion, the period from the day after the date of the municipal election
14 through the day that is 60 days after the date of the run-off elec-
15 tion.

16 * Sec. 4. AS 15.13.070 is amended by adding a new subsection to read:

17 (i) An individual who accepts campaign contributions as a candi-
18 date for public office may not convert surplus campaign funds to
19 personal income at any time. A candidate who has advanced funds to
20 the campaign may recover the amounts advanced, but may only do so
21 during the election campaign. A candidate shall dispose of campaign
22 funds that were not spent or obligated during the election campaign by

23 (1) leaving the funds in a campaign account for a future
24 election campaign;

25 (2) transferring the funds to an account for the office, in
26 the case of a successful candidate only;

27 (3) donating the funds to an organization that qualifies as
28 a charitable organization under 26 U.S.C. 501(c);

29 (4) donating the funds to the general fund of the state or

1 of a municipality of the state organized under AS 29;

2 (5) returning the funds to contributors on a pro rata
3 basis; or

4 (6) making campaign contributions not in violation of
5 AS 15.13.065 to another candidate or group or by making independent
6 expenditures.

7 * Sec. 5. AS 15.13.110 is amended by adding a new subsection to read:

8 (f) The contributions received and expenditures made by each
9 state, regional, and local executive committee of a political party
10 shall be reported

11 (1) in even numbered years, within 10 days after the end of
12 each calendar quarter until reports are due under (a) of this section;

13 (2) in odd numbered years, within 10 days after the end of
14 each calendar quarter.

15 * Sec. 6. AS 15.13.125 is amended to read:

16 Sec. 15.13.125. CIVIL PENALTIES [PENALTY: LATE FILING OF REQUIR-
17 ED REPORTS]. A person who fails to file a properly completed and
18 certified report within the time required by AS 15.13.110(a)(1), (3),
19 (4) or 15.13.110(d) is subject to a civil penalty of not more than \$10
20 a day for each day the delinquency continues as determined by the
21 commission subject to right of appeal to the superior court. A person
22 who fails to file a properly completed and certified report within the
23 time required by AS 15.13.110(a)(2) or 15.13.110(b) is subject to a
24 civil penalty of not more than \$50 a day for each day the delinquency
25 continues as determined by the commission subject to right of appeal
26 to the superior court. A candidate who accepts a contribution in
27 violation of AS 15.13.065 or 15.13.070 is subject to a civil penalty
28 of not more than five times the amount of the contribution accepted.

29 An affidavit stating facts in mitigation may be submitted to the

1 commission by a person against whom a civil penalty is assessed.
2 However, the imposition of the penalties prescribed in this section or
3 in AS 15.13.120 does not excuse that person from filing reports re-
4 quired by this chapter.

5 * Sec. 7. AS 15.25.040 is amended by adding a new subsection to read:

6 (e) A statewide candidate may not file a declaration before
7 September 1 of the year that is two years before the year in which the
8 election will be held. Except for a statewide candidate, a declara-
9 tion may not be filed before September 1 of the year before the year
10 in which the election will be held.

11 * Sec. 8. AS 15.25.150 is amended by adding a new subsection to read:

12 (b) A statewide candidate may not file a petition before Septem-
13 ber 1 of the year that is two years before the year in which the
14 election will be held. Except for a statewide candidate, a petition
15 may not be filed before September 1 of the year before the year in
16 which the election will be held.

17 * Sec. 9. AS 24.60.030(f) is amended to read:

18 (f) It is a conflict of interest for a member of the legislature
19 to accept campaign contributions [MONEY FROM AN EVENT HELD WITHIN THE
20 CAPITAL CITY] during the session [IF A SUBSTANTIAL PURPOSE OF THE
21 EVENT IS TO RAISE MONEY ON BEHALF OF THE MEMBER FOR STATE LEGISLATIVE
22 CAMPAIGN PURPOSES OR FOR OTHER STATE LEGISLATIVE POLITICAL PURPOSES].

23 * Sec. 10. AS 29.26.020 is amended by adding a new subsection to read:

24 (c) A nominating petition or declaration of candidacy may not be
25 filed more than 90 days before the date of the election.

26 * Sec. 11. The prohibition in AS 15.13.065, as added in sec. 3 of this
27 Act, against the acceptance of campaign contributions by a candidate for
28 elective office outside of an election campaign does not apply to the
29 acceptance by a candidate for

1 (1) state elective office of campaign contributions to retire
2 debt in existence on November 8, 1988, and the candidate may accept cam-
3 paign contributions at any time to retire that debt;

4 (2) municipal office of campaign contributions to retire debt in
5 existence on the day after the first municipal election occurring after
6 July 1, 1988, and the candidate may accept campaign contributions at any
7 time to retire that debt.

8 * Sec. 12. APPLICABILITY. The provisions of secs. 3 - 4, 6 - 8, 9 and
9 11 of this Act are applicable to state election campaigns started after
10 November 8, 1988. The provisions of secs. 3 - 4, 6, and 10 - 11 of this
11 Act are applicable to municipal election campaigns started after the day
12 after the first municipal election occurring after July 1, 1988.

13 * Sec. 13. AS 15.13.070(a) and AS 24.60.030(g) are repealed.

14 * Sec. 14. This Act takes effect July 1, 1988.
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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
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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.

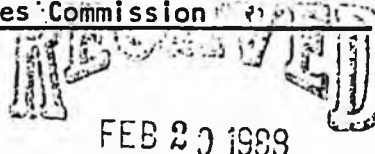
Prepared by: Karla L. Forsythe, Executive Director
Division: Alaska Public Offices Commission

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)



LEGISLATIVE FINANCE

*Although the Commission chair is not available to sign this fiscal note, his signature appears on an identical fiscal note.

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).

FISCAL NOTE

REQUEST:

Revision Date: 1/18/88
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 Forsythe, Executive Director Phone: 276 4176
Division: AK Public Offices Commission Date: 1/29/88

Approved by Commissioner: Daniel Patrick O'Tierney Date: 1/29/88
Agency: AK Public Offices Commission

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

[Signature]
FEB 3 1988

LEGISLATIVE FINANCE

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 SSB 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.

FRANK

#1

(fails)

AMENDMENT

To: CS SSB 137 (Fin)

Page 3, line 28, delete

"December 31 of the year"

and replace with

"the day before the date".

AMENDMENT

FRANK
#2
(Fair)
5-

To: CS SSB 137 (Fin)

On Page 1, line 28;

Page 2, line 7, line 15; line 24;

Page 3, line 3;

delete "1,000" and insert "500".



March 16, 1988
House Finance Committee
The Alaska State Legislature
Statement of Apology on Testimony:
CS SS HB137 relating to election
campaign financing.

Mister Chairman, Members of the Committee:

This is an apology. I am Eve Reckley. I represent the League of Women Voters of Alaska. In presenting testimony before your committee on March 11 on the above referenced election campaign finance bill, I used language that was inappropriate and did not reflect well on the League's non-partisan position of advocating in the broad public interest. I am responsible for drafting and presenting the testimony which, in retrospect, I feel did not serve well the League or the broader public interest. For this I sincerely apologize.

It was an error in judgement on my part to have borrowed a reference from the political debate between House and Senate leaders, the facts of which I have no independent knowledge. To attempt to offer a defense of this would simply add to a discussion I should not have raised in the first place. I cannot excise my comments from your record or the public mind. However, I respectfully request that my statement of apology be included in the record that it will follow in context. To this extent, I would hope to repair any damage which may have been inflicted by my intemperate remarks.

I would like to refocus on the League's position that campaign finance reform is necessary to bring down the cost of election campaigns in Alaska. The League of Women Voters of Alaska believes it is important that elections be decided on the basis of candidates' qualifications and stands on the issues, not on the size of their purse or campaign war chests. We would like to work constructively on legislation to achieve meaningful campaign finance reform.

Respectfully Submitted,
G. Eve Reckley

Kay Brown

Alaska State Legislature House of Representatives

MEMORANDUM

TO: House Finance Committee

FROM: Rep. Kay Brown *Kay*

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.

STATE OF ALASKA

ALASKA PUBLIC OFFICES COMMISSION

STEVE COWPER, GOVERNOR

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

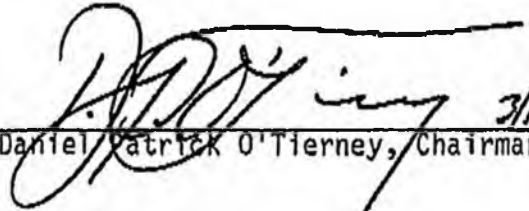
CSHB 137 (Judiciary)
Position Paper
March 10, 1988

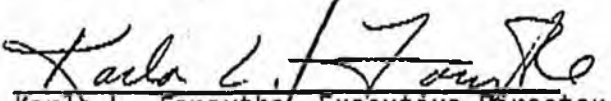
This position paper is submitted at the request of the House Finance Committee.

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

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

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 *RB*
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.

Representative John Sund
Page 2
February 24, 1988

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

Representative John Sund
Page 3
February 24, 1988

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

Representative John Sund
Page 4
February 24, 1988

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
L6/046

Prepared by:
Rep. Kay Brown
Feb. 29, 1988

SECTIONAL ANALYSIS OF CS SS HB 137 (JUDICIARY)

"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;

\$40,000 cumulative total per campaign from corporations, unions, and groups other than political parties; and

\$40,000 cumulative total per campaign from 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;

\$20,000 cumulative total per campaign from corporations, labor unions, or groups other than political parties;

\$20,000 cumulative total per campaign from 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;

\$10,000 cumulative total per campaign from corporations, labor unions, or groups other than political parties;

\$10,000 cumulative total per campaign from 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;

\$10,000 cumulative total per campaign from corporations, labor unions, or groups other than political parties;

\$ 10,000 cumulative total per campaign from 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;

\$10,000 cumulative total per campaign from corporations, labor unions, or groups other than political parties;

\$10,000 cumulative total per campaign from political

parties and their subdivisions.

- (g) notwithstanding (f) above, a candidate for mayor in a municipality with more than one house district may accept contributions with a \$10,000 cumulative total under (f)(2) and a \$10,000 cumulative total under (f)(3) multiplied by the number of house election districts, except that the candidate may not accept

a cumulative total of more than \$40,000 from corporations, labor unions, and groups other than political parties;

a cumulative total of more than \$40,000 from 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 for state House and Senate non-incumbent challengers;

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

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

(4)(a) Ninety days before the municipal election for municipal candidates;

(b) for municipal candidates involved in a run-off election, the period from the day after the election through the day before the date of the run-off.

Section 4 adds a new subsection (i) covering the use and disposal of surplus campaign funds. Converting campaign funds to personal income is prohibited. A candidate who has advanced funds to the campaign may recover the amounts advanced. 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, and using the funds only for communication with constituents and other voters in the state by telephone, newsletter, or personal contact;
- (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.

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.

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
February 29, 1988

CONTRIBUTION LIMITS PER CAMPAIGN

CS SS HB 137 (Judiciary)

	<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>
BY:					
<u>INDIVIDUAL</u>	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
<u>GROUPS</u>	\$1,000	\$1,000	\$1,000	\$1,000	
cumulative:	\$10,000	\$20,000	\$40,000	\$10,000	\$10,000 x number of House Districts, not to exceed \$40,000
<u>PARTIES</u>					
cumulative:	\$10,000	\$20,000	\$40,000	\$10,000	\$10,000 x number of House Districts, not to exceed \$40,000
<hr/> <u>TOTAL POTENTIAL CONTRIBUTIONS:</u>	\$20,000 +	\$40,000 +	\$80,000 +	\$20,000 +	\$80,000 +

§ 15.13.010

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§ 15.13.011

ELECTIONS

§ 15.13.020

chapter. The question of exemption from the requirements of this chapter may be submitted by the city council or borough assembly by ordinance or by initiative ordinance. Nothing in this chapter prohibits a municipality from regulating by ordinance campaign contributions and expenditures.

(b) Except as otherwise provided, this chapter applies to contributions, expenditures and communications made by a candidate, group, municipality or individual for the purpose of influencing the outcome of a ballot proposition or question as well as those made to influence the nomination or election of a candidate. (§ 1 ch 76 SLA 1974; am §§ 1, 2 ch 189 SLA 1975)

NOTES TO DECISIONS

Constitutionality. — In the case of *First Nat'l Bank v. Bellotti*, 435 U.S. 765, 98 S. Ct. 1407, 55 L. Ed. 2d 707, rehearing denied, 438 U.S. 907, 98 S. Ct. 3126, 57 L. Ed. 2d 1150 (1978), the supreme court of the United States has indicated in unmistakable terms that state disclosure laws pertaining to ballot issues are constitutional. *Messerli v. State*, Sup. Ct. Op. No. 2236 (File No. 4326), 626 P.2d 81 (1980).

When there is no showing that an individual must remain anonymous with respect to advertising as to ballot propositions because of the possibility of being subject to reprisals, economic or otherwise, the state campaign disclosure laws are not unconstitutional as applied to a contributor hoping to influence the outcome of a ballot issue because the objective of an informed electorate is sufficiently compelling to overcome an interest in anonymous political expression.

Messerli v. State, Sup. Ct. Op. No. 2236 (File No. 4326), 626 P.2d 81 (1980).

Initiative substantially similar to ch. 76, SLA 1974, correctly withheld from ballot. — Substantial similarity existed between ch. 76, SLA 1974, which enacted this chapter, relating to election campaigns, and an initiative relating to campaign contributions and expenditures, which was filed with the lieutenant governor prior to the regular 1974 session of the legislature. The act effectively displaced the initiative, and the lieutenant governor was correct in withholding the initiative from the ballot. *Warren v. Boucher*, Sup. Ct. Op. No. 1205 (File No. 2315), 543 P.2d 731 (1975).

For comparison of ch. 76, SLA 1974, and the initiative, see *Warren v. Boucher*, Sup. Ct. Op. No. 1205 (File No. 2315), 543 P.2d 731 (1975).

Sec. 15.13.011. Inapplicability to presidential primary. The provisions of this chapter do not apply to a presidential primary election conducted under AS 15.25.220 — 15.25.280. (§ 3 ch 20 SLA 1980)

Sec. 15.13.020. Alaska Public Offices Commission. (a) There is created in the Department of Administration the Alaska Public Offices Commission consisting of five members.

(b) The governor shall appoint two members of each of the two political parties whose candidate for governor received the highest number of votes in the most recent preceding general election at which a governor was elected. The two appointees from each of these two parties shall be chosen from a list of four names to be submitted by the central committee of each party.

(c) The four members selected under (b) of this section shall, by a majority vote, appoint the remaining fifth member of the commission.

Original sponsors: Brown, Ellis,
Davis, et al.

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 137 (Judiciary)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Public Offices Commission and
7 to the duration and financing of election campaigns;
8 and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 15.13.020(a) is amended to read:

11 (a) There is created in the Department of Administration the
12 Alaska Public Offices Commission consisting of five members. The
13 governor shall appoint the members of the commission under (b) and (c)
14 of this section. The members of the commission are subject to confir-
15 mation by a majority of the members of the legislature meeting in
16 joint session.

17 * Sec. 2. AS 15.13.020(c) is repealed and reenacted to read:

18 (c) The members appointed by the governor under (b) of this
19 subsection shall nominate to the governor, by a majority vote, the
20 fifth member of the commission when a vacancy occurs in that position.
21 The governor shall either appoint the nominee of the commission or
22 request a new nomination from the commission.

23 * Sec. 3. AS 15.13 is amended by adding a new section to read:

24 Sec. 15.13.065. LIMITATIONS ON ACCEPTING CONTRIBUTIONS. (a) A
25 candidate may accept a contribution only during an election campaign.

26 (b) During the election campaign, a candidate for the office of
27 governor or lieutenant governor may not accept

28 (1) more than \$1,000 in contributions from a person, a
29 corporation, a labor union, or a group other than a political party

1 and its subdivisions;

2 (2) a cumulative total of more than \$40,000 in contribu-
3 tions from corporations, labor unions, and groups other than political
4 parties and their subdivisions;

5 (3) a cumulative total of more than \$40,000 in contribu-
6 tions from political parties and their subdivisions.

7 (c) During the election campaign, a candidate for the state
8 senate may not accept

9 (1) more than \$1,000 in contributions from a person, a
10 corporation, a labor union, or a group other than a political party
11 and its subdivisions;

12 (2) a cumulative total of more than \$20,000 in contribu-
13 tions from corporations, labor unions, and groups other than political
14 parties and their subdivisions;

15 (3) a cumulative total of more than \$20,000 in contribu-
16 tions from political parties and their subdivisions.

17 (d) During the election campaign, a candidate for the state
18 house of representatives may not accept

19 (1) more than \$1,000 in contributions from a person, a
20 corporation, a labor union, or a group other than a political party
21 and its subdivisions;

22 (2) a cumulative total of more than \$10,000 in contribu-
23 tions from corporations, labor unions, and groups other than political
24 parties and their subdivisions;

25 (3) a cumulative total of more than \$10,000 in contribu-
26 tions from political parties and their subdivisions.

27 (e) Except for a candidate for mayor, during an election cam-
28 paign a candidate for municipal office and a candidate for office not
29 described in (b) - (d) of this section may not accept

1 (1) more than \$1,000 in contributions from a person, a
2 corporation, a labor union, or a group other than a political party
3 and its subdivisions;

4 (2) a cumulative total of more than \$10,000 in contribu-
5 tions from corporations, labor unions, and groups other than political
6 parties and their subdivisions;

7 (3) a cumulative total of more than \$10,000 in contribu-
8 tions from political parties and their subdivisions.

9 (f) Except as provided under (g) of this section, during an
10 election campaign a candidate for mayor may not accept

11 (1) more than \$1,000 in contributions from a person, a
12 corporation, a labor union, or a group other than a political party
13 and its subdivisions;

14 (2) a cumulative total of more than \$10,000 in contribu-
15 tions from corporations, labor unions, and groups other than political
16 parties and their subdivisions;

17 (3) a cumulative total of more than \$10,000 in contribu-
18 tions from political parties and their subdivisions.

19 (g) Notwithstanding (f) of this section, a candidate for mayor
20 in a municipality that contains more than one house election district
21 within its boundaries may accept contributions during an election
22 campaign with a cumulative total under (f)(2) and (3) of this section
23 multiplied by the number of house election districts that are located
24 within the municipality except that a candidate for mayor may not in
25 any case accept

26 (1) a cumulative total of more than \$40,000 in contribu-
27 tions from corporations, labor unions, and groups other than political
28 parties, and their subdivisions;

29 (2) a cumulative total of more than \$40,000 in

1 contributions from political parties and their subdivisions.

2 (h) A candidate is subject to the limitations established in
3 this section only for the office for which the candidate most recently
4 filed a declaration of candidacy or nominating petition. A candidate
5 who withdraws as a candidate for an office and refiles for an office
6 with a lower limitation on the acceptance of campaign contributions
7 shall return the amount of each contribution that exceeds the limita-
8 tions established for the current candidacy.

9 (i) In this section, "election campaign" means

10 (1) for a candidate for a nonstatewide state office who is
11 not a member of the legislature, the period between September 1 of the
12 year before the year in which the election will be held through the
13 day before the date of the general election;

14 (2) for a candidate who is a member of the legislature, the
15 period between September 1 of the year before the year in which the
16 election will be held through the day before the date of the general
17 election but excluding the period of any session of the legislature;

18 (3) for a candidate for a statewide office, the period
19 between September 1 of the year that is two years before the year in
20 which the election will be held through the day before the date of the
21 general election;

22 (4) for a candidate for municipal office, the period 90
23 days before the date of the municipal election through the day before
24 the date of the municipal election;

25 (5) for a candidate for municipal office at a run-off elec-
26 tion, the period from the day after the date of the municipal election
27 through the day before the date of the run-off election.

28 * Sec. 4. AS 15.13.070 is amended by adding a new subsection to read:

29 (i) An individual who accepts campaign contributions as a

1 candidate for public office may not convert surplus campaign funds to
2 personal income at any time. A candidate who has advanced funds to
3 the campaign may recover the amounts advanced. A candidate shall
4 dispose of campaign funds that were not spent or obligated during the
5 election campaign by

6 (1) leaving the funds in a campaign account for a future
7 election campaign;

8 (2) transferring the funds to an account for the office, in
9 the case of a successful candidate only, and using the funds only for
10 communication with constituents and other voters in the state by
11 telephone, newsletter, or personal contact;

12 (3) donating the funds to an organization that qualifies as
13 a charitable organization under 26 U.S.C. 501(c);

14 (4) donating the funds to the general fund of the state or
15 of a municipality of the state organized under AS 29;

16 (5) returning the funds to contributors on a pro rata
17 basis; or

18 (6) making campaign contributions not in violation of
19 AS 15.13.065 to another candidate or group or by making independent
20 expenditures.

21 * Sec. 5. AS 15.13.110 is amended by adding a new subsection to read:

22 (f) The contributions received and expenditures made by each
23 state, regional, and local executive committee of a political party
24 shall be reported

25 (1) in even numbered years, within 10 days after the end of
26 each calendar quarter until reports are due under (a) of this section;

27 (2) in odd numbered years, within 10 days after the end of
28 each calendar quarter.

29 * Sec. 6. AS 15.13.125 is amended to read:

1 Sec. 15.13.125. CIVIL PENALTIES [PENALTY: LATE FILING OF REQUIR-
2 ED REPORTS]. A person who fails to file a properly completed and
3 certified report within the time required by AS 15.13.110(a)(1), (3),
4 (4) or 15.13.110(d) is subject to a civil penalty of not more than \$10
5 a day for each day the delinquency continues as determined by the
6 commission subject to right of appeal to the superior court. A person
7 who fails to file a properly completed and certified report within the
8 time required by AS 15.13.110(a)(2) or 15.13.110(b) is subject to a
9 civil penalty of not more than \$50 a day for each day the delinquency
10 continues as determined by the commission subject to right of appeal
11 to the superior court. A candidate who accepts a contribution in
12 violation of AS 15.13.065 or 15.13.070 is subject to a civil penalty
13 of not more than five times the amount of the contribution accepted.
14 An affidavit stating facts in mitigation may be submitted to the
15 commission by a person against whom a civil penalty is assessed.
16 However, the imposition of the penalties prescribed in this section or
17 in AS 15.13.120 does not excuse that person from filing reports re-
18 quired by this chapter.

19 * Sec. 7. AS 15.25.040 is amended by adding a new subsection to read:

20 (e) A statewide candidate may not file a declaration before
21 September 1 of the year that is two years before the year in which the
22 election will be held. Except for a statewide candidate, a declara-
23 tion may not be filed before September 1 of the year before the year
24 in which the election will be held.

25 * Sec. 8. AS 15.25.150 is amended by adding a new subsection to read:

26 (b) A statewide candidate may not file a petition before Septem-
27 ber 1 of the year that is two years before the year in which the
28 election will be held. Except for a statewide candidate, a petition
29 may not be filed before September 1 of the year before the year in

1 which the election will be held.

2 * Sec. 9. AS 24.60.030(f) is amended to read:

3 (f) It is a conflict of interest for a member of the legislature
4 to accept campaign contributions [MONEY FROM AN EVENT HELD WITHIN THE
5 CAPITAL CITY] during the session [IF A SUBSTANTIAL PURPOSE OF THE
6 EVENT IS TO RAISE MONEY ON BEHALF OF THE MEMBER FOR STATE LEGISLATIVE
7 CAMPAIGN PURPOSES OR FOR OTHER STATE LEGISLATIVE POLITICAL PURPOSES].

8 * Sec. 10. AS 29.26.020 is amended by adding a new subsection to read:

9 (c) A nominating petition or declaration of candidacy may not be
10 filed more than 90 days before the date of the election.

11 * Sec. 11. The prohibition in AS 15.13.065, as added in sec. 3 of this
12 Act, against the acceptance of campaign contributions by a candidate for
13 elective office outside of an election campaign does not apply to the
14 acceptance by a candidate for

15 (1) state elective office of campaign contributions to retire
16 debt in existence on November 8, 1988, and the candidate may accept cam-
17 paign contributions at any time to retire that debt;

18 (2) municipal office of campaign contributions to retire debt in
19 existence on the day after the first municipal election occurring after
20 July 1, 1988, and the candidate may accept campaign contributions at any
21 time to retire that debt.

22 * Sec. 12. APPLICABILITY. The provisions of secs. 3 - 4, 6 - 8, 9 and
23 11 of this Act are applicable to state election campaigns started after
24 November 8, 1988. The provisions of secs. 3 - 4, 6, and 10 - 11 of this
25 Act are applicable to municipal election campaigns started after the day
26 after the first municipal election occurring after July 1, 1988.

27 * Sec. 13. AS 15.13.070(a) and AS 24.60.030(g) are repealed.

28 * Sec. 14. This Act takes effect July 1, 1988.

Original sponsors: Brown, Ellis,
Davis, et al.

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 137 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the duration and financing of
7 election campaigns; and providing for an effective
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 15.13 is amended by adding a new section to read:

11 Sec. 15.13.065. LIMITATIONS ON ACCEPTING CONTRIBUTIONS. (a) A
12 candidate may accept a campaign contribution only during an election
13 campaign after filing a declaration of candidacy or a nominating
14 petition.

15 (b) In this section, "election campaign" means:

16 (1) for a candidate for a nonstatewide state office, the
17 period between the day after the adjournment sine die of the second
18 regular session of the legislature through the day before the date of
19 the general election;

20 (2) for a candidate for a statewide office, the period
21 between January 2 of the year of the election through the day before
22 the date of the general election;

23 (3) for a candidate for municipal office, the period

24 (A) 90 days before the date of the municipal election
25 through the day before the date of the general election; and

26 (B) from the day after the date of the municipal
27 election through the day before the date of the run-off election,
28 if one is held.

29 * Sec. 2. AS 15.13.070 is amended by adding a new subsection to read:

1 (i) An individual who accepts campaign contributions as a candi-
2 date for public office may not convert surplus campaign funds to
3 personal income at any time. A candidate who has advanced funds to
4 the campaign may recover the amounts advanced. A candidate shall
5 dispose of campaign funds that were not spent or obligated during the
6 election campaign by

7 (1) transferring the funds to an account for a future
8 election campaign;

9 (2) transferring the funds to an account for the office, in
10 the case of a successful candidate only, and using the funds only for
11 communication with constituents and other voters in the state by
12 telephone, newsletter, or personal contact;

13 (3) donating the funds to an organization that qualifies as
14 a charitable organization under 26 U.S.C. 501(c);

15 (4) donating the funds to the general fund of the state or
16 of a municipality of the state organized under AS 29;

17 (5) returning the funds to contributors on a pro rata
18 basis; or

19 (6) making campaign contributions not in violation of
20 AS 15.13.070(a) to another candidate or group or by making independent
21 expenditures.

22 * Sec. 3. AS 15.13.125 is amended to read:

23 Sec. 15.13.125. CIVIL PENALTIES [PENALTY: LATE FILING OF REQUIR-
24 ED REPORTS]. A person who fails to file a properly completed and
25 certified report within the time required by AS 15.13.110(a)(1), (3),
26 (4) or 15.13.110(d) is subject to a civil penalty of not more than \$10
27 a day for each day the delinquency continues as determined by the
28 commission subject to right of appeal to the superior court. A person
29 who fails to file a properly completed and certified report within the

1 time required by AS 15.13.110(a)(2) or 15.13.110(b) is subject to a
2 civil penalty of not more than \$50 a day for each day the delinquency
3 continues as determined by the commission subject to right of appeal
4 to the superior court. A candidate who accepts a contribution in
5 violation of AS 15.13.065 or 15.13.070 is subject to a civil penalty
6 of not more than five times the amount of the contribution accepted.
7 An affidavit stating facts in mitigation may be submitted to the
8 commission by a person against whom a civil penalty is assessed.
9 However, the imposition of the penalties prescribed in this section or
10 in AS 15.13.120 does not excuse that person from filing reports re-
11 quired by this chapter.

12 * Sec. 4. AS 15.25.040 is amended by adding a new subsection to read:

13 (e) A statewide candidate may not file a declaration before
14 January 2 of the year in which the election will be held. Except for
15 a statewide candidate, a declaration may not be filed before the day
16 after the adjournment sine die of the second regular session of the
17 legislature.

18 * Sec. 5. AS 15.25.150 is amended by adding a new subsection to read:

19 (b) A statewide candidate may not file a petition before
20 January 2 of the year in which the election will be held. Except for
21 a statewide candidate, a petition may not be filed before the day
22 after the adjournment sine die of the second regular session of the
23 legislature.

24 * Sec. 6. AS 24.60.030(f) is amended to read:

25 (f) It is a conflict of interest for a member of the legislature
26 to accept campaign contributions except during an election campaign
27 described in AS 15.13.065 [MONEY FROM AN EVENT HELD WITHIN THE CAPITAL
28 CITY DURING THE SESSION IF A SUBSTANTIAL PURPOSE OF THE EVENT IS TO
29 RAISE MONEY ON BEHALF OF THE MEMBER FOR STATE LEGISLATIVE CAMPAIGN

1 PURPOSES OR FOR OTHER STATE LEGISLATIVE POLITICAL PURPOSES].

2 * Sec. 7. AS 29.26.020 is amended by adding a new subsection to read:

3 (c) A nominating petition or declaration of candidacy may not be
4 filed more than 90 days before the date of the election.

5 * Sec. 8. The prohibition in AS 15.13.065, as added in sec. 1 of this
6 Act, against the acceptance of campaign contributions outside of an elec-
7 tion campaign does not apply to the acceptance of campaign contributions to
8 retire campaign debt in existence on November 8, 1988, and a candidate may
9 accept campaign contributions to retire debt in existence on November 8,
10 1988, at any time.

11 * Sec. 9. AS 24.60.030(g) is repealed.

12 * Sec. 10. APPLICABILITY. The provisions of this Act are applicable to
13 state election campaigns started after November 8, 1988. The provisions of
14 this Act are applicable to municipal election campaigns started after the
15 day after the first municipal election occurring after July 1, 1988.

16 * Sec. 11. This Act takes effect July 1, 1988.

1 IN THE HOUSE

BY BROWN, ELLIS, DAVIS, FRANK,
SWACKHAMMER AND MENARD

2

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 137

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the duration and financing of
7 election campaigns."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 15.13 is amended by adding a new section to read:

10 Sec. 15.13.065. LIMITATIONS ON ACCEPTING CONTRIBUTIONS. (a) A
11 candidate may accept a contribution only during an election campaign
12 under this section.

13 (b) During the election campaign, a candidate for the office of
14 governor or lieutenant governor may accept

15 (1) not more than \$1,000 in contributions from a person, a
16 group other than a political party or its subdivisions, a corporation,
17 or a labor union;

18 (2) a cumulative total of not more than \$40,000 in contri-
19 butions from corporations, labor unions, and groups other than politi-
20 cal parties and their subdivisions;

21 (3) a cumulative total of not more than \$40,000 in contri-
22 butions from political parties and their subdivisions.

23 (c) During the election campaign, a candidate for the state
24 senate may accept

25 (1) not more than \$1,000 in contributions from a person, a
26 group other than a political party or its subdivisions, a corporation,
27 or a labor union;

28 (2) a cumulative total of not more than \$20,000 in contri-
29 butions from corporations, labor unions, and groups other than

1 political parties and their subdivisions;

2 (3) a cumulative total of not more than \$20,000 in contri-
3 butions from political parties and their subdivisions.

4 (d) During the election campaign, a candidate for the state
5 house of representatives may accept

6 (1) not more than \$1,000 in contributions from a person, a
7 group other than a political party or its subdivisions, a corporation,
8 or a labor union;

9 (2) a cumulative total of not more than \$10,000 in contri-
10 butions from corporations, labor unions, and groups other than politi-
11 cal parties and their subdivisions;

12 (3) a cumulative total of not more than \$10,000 in contri-
13 butions from political parties and their subdivisions.

14 (e) During the election campaign, a candidate for municipal
15 office and a candidate for any other office not described in (b) - (d)
16 of this section may accept

17 (1) not more than \$1,000 in contributions from a person, a
18 group other than a political party or its subdivisions, a corporation,
19 or a labor union;

20 (2) a cumulative total of not more than \$10,000 in contri-
21 butions from corporations, labor unions, and groups other than politi-
22 cal parties and their subdivisions;

23 (3) a cumulative total of not more than \$10,000 in contri-
24 butions from political parties and their subdivisions.

25 (f) A candidate is subject to the limitations established in
26 this section only for the office for which the candidate most recently
27 filed a declaration of candidacy or nominating petition. A candidate
28 who withdraws as a candidate for an office and refiles for an office
29 with a lower limitation on the acceptance of campaign contributions

1 shall return the amount of each contribution that exceeds the limita-
2 tions established for the current candidacy. Notwithstanding the
3 provisions of this subsection, a candidate is not required to return a
4 contribution spent in a good faith effort to seek election to the
5 office with the higher limitation.

6 (g) In this section, "election campaign" means the period from
7 January 2 of the year in which the candidate files a declaration of
8 candidacy or a nominating petition through the day before the date of
9 the general election or the municipal election.

10 * Sec. 2. AS 15.13.070 is amended by adding a new subsection to read:

11 (i) A candidate for public office may not take contributions as
12 personal income during an election campaign, as defined in AS 15.13.-
13 065, or during tenure as an elected public official.

14 * Sec. 3. AS 15.13.125 is amended to read:

15 Sec. 15.13.125. CIVIL PENALTIES [PENALTY: LATE FILING OF REQUIR-
16 ED REPORTS]. A person who fails to file a properly completed and
17 certified report within the time required by AS 15.13.110(a)(1), (3),
18 (4) or 15.13.110(d) is subject to a civil penalty of not more than \$10
19 a day for each day the delinquency continues as determined by the
20 commission subject to right of appeal to the superior court. A person
21 who fails to file a properly completed and certified report within the
22 time required by AS 15.13.110(a)(2) or 15.13.110(b) is subject to a
23 civil penalty of not more than \$50 a day for each day the delinquency
24 continues as determined by the commission subject to right of appeal
25 to the superior court. A candidate who accepts a contribution in
26 violation of AS 15.13.065 or 15.13.070 is subject to a civil penalty
27 of not more than five times the amount of the contribution accepted.
28 An affidavit stating facts in mitigation may be submitted to the
29 commission by a person against whom a civil penalty is assessed.

1 However, the imposition of the penalties prescribed in this section or
2 in AS 15.13.120 does not excuse that person from filing reports re-
3 quired by this chapter.

4 * Sec. 4. AS 15.25.040 is amended by adding a new subsection to read:

5 (e) A statewide candidate may not file a declaration before
6 January 2 of the year preceding the year in which the election will be
7 held. Except for a statewide candidate, a declaration may not be
8 filed before January 2 of the year in which the election will be held.

9 * Sec. 5. AS 15.25.150 is amended by adding a new subsection to read:

10 (b) A statewide candidate may not file a petition before
11 January 2 of the year preceding the year in which the election will be
12 held. Except for a statewide candidate, a petition may not be filed
13 before January 2 of the year in which the election will be held.

14 * Sec. 6. AS 29.26.020 is amended by adding a new subsection to read:

15 (c) A nominating petition or declaration of candidacy may not be
16 filed before January 2 of the year in which the election is to be
17 held.

18 * Sec. 7. The prohibition in AS 15.13.065, as added by sec. 1 of this
19 Act, against a candidate accepting a contribution after the date of the
20 general election through the dates specified in AS 15.13.065 does not apply
21 to contributions accepted by a candidate or elected public official after
22 the effective date of this Act that are used to retire campaign debt in
23 existence on January 1, 1987.

24 * Sec. 8. AS 15.13.070(a) is repealed.