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68-West–Statehouse | 300 SW 10th Ave. | Topeka, Kansas 66612-1504 (785) 296-3181

kslegres@klrd.ks.gov

https://klrd.gov/

January 30, 2025

To: House Committee on Elections

From: Elaina Rudder, Senior Research Analyst

Re: Campaign Contribution Limits in Alaska

ALASKA'S CAMPAIGN CONTRIBUTION LIMITS

This memorandum discusses the history of campaign contribution limits in Alaska and the current status of such limits. The memorandum also briefly summarizes pending legislation and ballot initiatives concerning campaign contribution limits in Alaska.

Campaign Contribution Limits from 1996 to 2005

In 1996, the Alaska Legislature enacted a revised campaign finance law with the purposes of restoring the public's trust in the electoral process and to foster good government. Among other things, this law made the following changes to contribution limits:

- Decreased contribution limits by individuals to candidates from \$1,000 to \$500;
- Limited contributions by individuals to a group that is not a political party to \$500; and
- Limited the annual aggregate contribution amount candidates may accept from nonresidents of Alaska.

In 2003, the Alaska Legislature again revised campaign finance law by raising the contribution limit for individuals to candidates or groups from \$500 to \$1,000.¹

Ballot Measure 1 (2006)

In 2006, Ballot Measure 1 proposed the following revisions to Alaska's contribution limits as an indirect initiated state statute:

• Decreased contribution limits by individuals to candidates or groups from \$1,000 to \$500;

¹ *Thompson v. Hebdon*, 909 F.3d 1027 (9th Cir. 2018) at 1031.

- Decreased contribution limits by individuals to a political party from \$10,000 to \$5,000;
- Decreased contribution limits by groups to candidates from \$2,000 to \$1,000;
- Decreased contribution limits by groups to a political party from \$4,000 to \$1,000; and
- Limited the annual aggregate contribution amount a candidate may accept from nonresidents of Alaska.

The voter information packet included the following statement regarding Ballot Measure

Corruption is not limited to one party or individual. Ethics should be not only bipartisan but also universal. From the Abramoff and Jefferson scandals in Washington D.C. to side deals in Juneau, special interests are becoming bolder every day. They used to try to buy elections. Now they are trying to buy the legislators themselves.

Ballot Measure 1 was approved by Alaska voters on August 22, 2006 by a margin of 73.0 percent in favor and 27.0 percent opposed.²

Thompson v. Hebdon

District Court

1:

In 2015, a group of individuals and a subdivision of the Alaska Republican Party (Plaintiffs) brought a First Amendment challenge to the following contribution limits set by Ballot Measure 1:

- The \$500 annual limit on individual contributions to candidates;
- The \$500 limit individual contributions to non-political party groups;
- The annual limits on contributions a political party and its subdivisions may give to candidates; and
- The annual aggregate limit on nonresident contributions to candidates.

Plaintiffs sought a declaratory judgment that the challenged provisions are unconstitutional, a permanent injunction prohibiting enforcement of the challenged provisions, and costs and attorney's fees.

The District Court granted the state's motion for partial summary judgment for lack of standing on certain claims and issued a decision rejecting the Plaintiff's remaining claims. The district court determined that each of the four challenged provisions was aimed at the "important state interest" of combating quid pro quo or its appearance and was "closely drawn" to meet that interest.³

² *Id.* at 1032; <u>https://ballotpedia.org/Alaska_Campaign_Contribution_Limits_Initiative_(2026).</u>

³ *Thompson*, 909 F.3d at 1032.

Ninth Circuit Court of Appeals (2018)

Plaintiffs appealed the District Court's decision, and, in 2018, the Ninth Circuit Court of Appeals (Ninth Circuit) reviewed the decision. The Ninth Circuit considered whether the challenged provisions were targeted at an "important state interest" and, if so, whether the provisions were "closely drawn" to meet that interest.

The Ninth Circuit found that states have an important interest in preserving the integrity of their political institutions, and a vital method of doing so is by curbing large monetary contributions which can corrode the public's faith in its government. Although campaign contribution limits implicate a contributor's First Amendment right, the state has an important interest in combating quid pro quo corruption or its appearance.

The Ninth Circuit held that the individual and political party contribution limits were closely drawn to serve the state interest of combating quid pro quo corruption or its appearance. However, the Ninth Circuit determined that the District Court erred in upholding the nonresident aggregate contribution limit because it targets contributors' influence over Alaska politics and "preventing undue influence" is no longer a legitimate basis for restricting contributions under the First Amendment pursuant to the U.S. Supreme Court decisions *Citizens United v. Federal Election Commission* and *McCutcheon v. Federal Election Commission*.⁴

Supreme Court of the United States

Plaintiffs appealed the Ninth Circuit's decision to the U.S. Supreme Court. The U.S. Supreme Court vacated the judgment of the Ninth Circuit and remanded the case so the Ninth Circuit could revisit whether Alaska's contribution limits were consistent with their First Amendment precedents. The U.S. Supreme Court specifically discussed *Randall v. Sorell*, where the U.S. Supreme Court invalidated a Vermont law that limited to \$400 individual contributions to a candidate for Governor, Lieutenant Governor, or other statewide office; \$300 to a candidate for state senator; and \$200 to a candidate for state representative. The U.S Supreme Court stated that, in *Randall v. Sorrell*, several "danger signs" about Vermont's law were identified and warranted closer review, and Alaska's limit on campaign contributions shared some of those characteristics, including:

- Alaska's individual-to-candidate contribution limit was "substantially lower than... limits that we have previously upheld";
- Alaska's individual-to-candidate contribution limit was "substantially lower than... comparable limits in other states"; and
- Alaska's contribution limit is not adjusted for inflation.⁵

Ninth Circuit Court of Appeals (2021)

On remand, the Ninth Circuit held that:

⁴ *Id.* at 1035-44.

⁵ Thompson v. Hebdon, 589 U.S. 1 (2019).

- The \$500 individual-to-candidate contribution limit violated the First Amendment;
- The \$500 individual-to-group limit violated the First Amendment;
- The political party-to-candidate limit did not violate the First Amendment;
- The nonresident aggregate contribution violated the First Amendment.

The Ninth Circuit reversed the district court's judgment on the three provisions it found violated the First Amendment and remanded the case for entry of judgment consistent with its opinion.⁶

Ballot Measure 2 (2020)

In 2020, Ballot Measure 2, among other things, proposed the following change to campaign finance law in Alaska: requiring persons and entities that contribute more than \$2,000 that were themselves derived from donations, contributions, dues, or gifts to disclose the true sources (as defined in law) of the political contributions. These provisions of Ballot Measure 2 were to address the use of "dark money" in elections.

Ballot Measure 2 was approved by Alaska voters on November 3, 2020 by a margin of 50.55 percent in favor and 49.45 percent opposed.

Smith v. Helzer

The campaign finance provisions of Ballot Measure 2 were challenged for constitutionality. Three provisions were challenged at the district court level:

- The individual-donor contribution reporting requirement;
- The true-source requirement; and
- The on-ad donor-disclaimer requirement for political advertisements.

Plaintiffs in this case, five individual donors and two independent-expenditure organizations, moved to preliminarily enjoin all three requirements. The District Court denied the motion, finding that the plaintiffs failed to establish a likelihood of success on the merits of their claims. Plaintiffs appealed to the Ninth Circuit.

The Ninth Circuit affirmed the District Court's judgment that the plaintiffs were unlikely to succeed on the merits of their First Amendment claims and denied the plaintiffs' motion for a preliminary injunction.⁷

Smith v. Stillie

The plaintiffs in *Smith v. Helzer* appealed the Ninth Circuit's decision to the U.S. Supreme Court. The U.S. Supreme Court denied the petition for *writ of certiorari* on November 18, 2024.⁸

⁶ Thompson v. Hebdon, 7 F.4th 811 (9th Cir. 2021).

⁷ Smith v. Helzer, 95 F.4th 1207 (9th Cir. 2024).

Current Campaign Contribution Limits in Alaska

The current campaign contribution limits can be found in Alaska Statutes Annotated Section 15.13.70. However, the limits that were held unconstitutional in *Thompson v. Hebdon* no longer apply, so there are no limits on individual contributions or nonresident contributions.

In an article posted by Alaska Public Media and according to OpenSecrets, at the end of July 2024, at least five state candidates for the Alaska Senate or Alaska House of Representatives had reported contributions of \$10,000 or more from a single donor. Examples of these types of donations include:

- An attorney from Anchorage donated a total of more than \$30,000 to two candidates;
- An independent candidate received a \$30,000 contribution from a "surrogate parent" who lives in California; and
- A candidate reported a \$10,000 contribution from the owner of a Matanuska-Susitna Valley construction company.⁹

Pending Legislation and Ballot Initiatives

HB 16

HB 16 was prefiled and then referred to the House Committee on State Affairs on January 22, 2025. The bill would establish the following campaign contribution limits for individuals, groups that are not political parties, and nongroup entities:

- Individuals:
 - \$2,000 per election cycle to a candidate;
 - \$5,000 per year to political party or other group; and
 - \$4,000 per election cycle to a joint governor and lieutenant governor ticket;
- Groups that are not political parties:
 - \$4,000 per election cycle to a candidate;
 - \$5,000 per year to political party or other group; and
 - \$8,000 per election cycle to a joint governor and lieutenant governor ticket; and

⁸ Smith v. Stillie, No. 23-1316, 2024 WL 4805897 (U.S. Nov. 18, 2024); https://www.scotusblog.com/case-files/cases/smith-v-stillie/.

⁹ https://alaskapublic.org/news/2024-08-08/alaska-campaign-limits-initiative

- Nongroup entities:
 - \$4,000 per election cycle to another nongroup entity for the purpose of influencing the nomination or election of a candidate or to a candidate; and
 - \$5,000 per year to a political party or other group.

No hearing on the bill has been held and no other action has been taken on the bill as of January 30, 2025.¹⁰

Alaska Campaign Contribution Limits Initiative

The Alaska Campaign Contribution Limits Initiative is a proposed ballot initiative that may appear on the ballot in Alaska as an initiated state statute on November 3, 2026. The initiative would establish the following campaign contribution limits for individuals and political parties:

- Individuals:
 - \$2,000 per election cycle to a candidate;
 - \$5,000 per year to a political party or other group; and
 - \$4,000 per election cycle to a joint governor and lieutenant governor ticket; and
- Political parties:
 - \$4,000 to a candidate; and
 - \$5,000 to other political parties or political groups.

The initiative would not affect contributions made by super PACs or independent expenditure groups.

According to the Citizens Against Money in Politics, the organizer of the campaign to place this proposed initiative on the ballot, the initiative would "reinstate fair, reasonable, and constitutional campaign contribution limits which are adjusted for inflation moving forward, ensuring these limits remain constitutional."¹¹

¹⁰ https://www.akleg.gov/basis/Bill/Detail/34?Root=HB16#tab6_4

^{11 &}lt;u>https://ballotpedia.org/Alaska_Campaign_Contribution_Limits_Initiative_(2026)</u>