

AN INITIATIVE

FOR AN ACT ENTITLED

1 "An Act establishing a program of public funding for campaigns for state elected offices, to
2 be known as the Alaska Clean Elections Act, and amending the oil and gas production tax to
3 levy and collect a surcharge on oil as a source of funding for that program."

BE IT ENACTED BY THE PEOPLE OF THE STATE OF ALASKA:

* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

SHORT TITLE. This Act may be known as the Alaska Clean Elections Act.

* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

FINDINGS. The people of the State of Alaska find that providing a voluntary clean elections system for all primary and general elections would enhance democracy in the state in the following principal ways:

(1) it would affirm the principle of "one person, one vote," reduce the disproportionate and deleterious influence of large contributors, and restore the rights of citizens of all backgrounds to equal and meaningful participation in the democratic process;

(2) it would slow the escalating cost of elections;

(3) it would enable voters and candidates to hear and to be heard in the political process, and restore open and robust debate on issues of public concern;

(4) it would diminish the public perception of corruption, strengthen public confidence in democratic institutions and processes, and eliminate the danger of corruption caused by the private financing of election campaigns;

(5) it would increase the accountability of elected officials to the constituents who elect them;

(6) it would create genuine opportunities for qualified residents of the state to run for state office and encourage more competitive elections; and

(7) it would free elected officials from the incessant rigors of fundraising and

allow them more time to carry out their official duties.

* **Sec. 3.** AS 15.13.010 is amended by adding a new subsection to read:

(e) This chapter does not limit the application of AS 15.14 to contributions, expenditures, and communications made for the purpose of influencing the nomination or election of a candidate for governor, lieutenant governor, or a member of the state legislature.

* **Sec. 4.** AS 15.13.030 is amended to read:

Sec. 15.13.030. Duties of the commission. The commission shall

(1) develop and provide all forms for the reports and statements required to be made under this chapter, AS 15.14, AS 24.45, and AS 39.50;

(2) prepare and publish a manual setting out uniform methods of bookkeeping and reporting for use by persons required to make reports and statements under this chapter and AS 15.14, and otherwise assist candidates, groups, and individuals in complying with the requirements of this chapter and AS 15.14;

(3) receive and hold open for public inspection reports and statements required to be made under this chapter and AS 15.14, and, upon request, furnish copies at cost to interested persons;

(4) compile and maintain a current list of all filed reports and statements;

(5) prepare a summary of each report filed under AS 15.13.110 and AS 15.14 and make copies of this summary available to interested persons at their actual cost;

(6) notify, by registered or certified mail, all persons who are delinquent in filing reports and statements required to be made under this chapter and AS 15.14;

(7) examine, investigate, and compare all reports, statements, and actions required by this chapter, AS 15.14, AS 24.45, and AS 39.50;

(8) prepare and publish a biennial report concerning the activities of the commission, the effectiveness of this chapter, its enforcement by the attorney general's office, and recommendations and proposals for change; the commission shall notify the legislature that the report is available;

(9) adopt regulations necessary to implement and clarify the provisions of AS 15.14, AS 24.45, AS 39.50, and this chapter, subject to the provisions of AS 44.62 (Administrative Procedure Act); and

(10) consider a written request for an advisory opinion concerning the application of this chapter, AS 15.14, AS 24.45, AS 24.60.200 - 24.60.260, or AS 39.50; **and**

(11) appoint a clean elections administrator to administer AS 15.14 and to make decisions authorized by that chapter or decisions delegated to the administrator by the commission.

* **Sec. 5.** AS 15.13.045(b) is amended to read:

(b) In conjunction with (a) of this section, the commission may compel the attendance of witnesses and production of papers, books, records, accounts, documents, and testimony, and may have the deposition of witnesses taken in a manner prescribed by court rule or law for the taking of depositions in civil actions when consistent with the powers and duties assigned to the commission by this chapter **and AS 15.14.**

* **Sec. 6.** AS 15.13.045(c) is amended to read:

(c) The commission may examine the papers, books, records, accounts, and documents of any person subject to this chapter **and AS 15.14** to ascertain the correctness of a report filed with the commission, or in conjunction with an investigation or inspection conducted under (a) of this section.

* **Sec. 7.** AS 15 is amended by adding a new chapter to read:

Chapter 14. Clean Elections.

Sec. 15.14.010. Clean elections fund. (a) The clean elections fund is created in the general fund. The fund shall be used by the administrator to finance the election campaigns of certified candidates participating in a voluntary alternative campaign financing option available to persons running for the office of governor, lieutenant governor, state senator, or state representative, and to pay the administrative and enforcement costs of the commission.

(b) The legislature may appropriate money from the following sources to the fund:

(1) the qualifying contributions required of candidates applying for certification under AS 15.14.060;

(2) unspent funds returned by a participating candidate under this chapter; and

(3) fines or monetary penalties levied by the commission against candidates for violations of this chapter.

1 (4) the annual estimated balance of the account maintained under
2 AS 37.05.142 for deposits into the general fund of the proceeds of the surcharge levied
3 by AS 43.55.400; and

4 (5) the interest earned on the balance of the account maintained under
5 AS 37.05.142 for deposits into the general fund from the proceeds of the surcharge
6 levied under AS 43.55.400.

(c) Money appropriated to the fund may be spent without further appropriation.

(d) Money in the fund does not lapse.

(e) Within 90 days after each statewide general election, the administrator shall determine the amount of remaining clean elections funds not necessary to pay administrative costs of the commission during the next election cycle. The legislature may appropriate the remaining funds into the dividend fund established in AS 43.23.045, to be used to pay Alaska permanent fund dividends.

Sec. 15.14.020. Limitations on participating candidates. (a) During an election cycle, a participating candidate may not accept, expend, or agree to expend any contributions or funds other than

(1) seed money contributions allowed under AS 15.14.040;

(2) clean elections funds received under AS 15.14.080 - 15.14.100;

(3) contributions from a political party under AS 15.14.130; and

(4) private contributions allowed under AS 15.14.150(b).

(b) A participating candidate who receives funds under this chapter during the primary election campaign period shall comply with the requirements of this chapter during the subsequent general election campaign period.

(c) A participating candidate may only use contributions and funds received

under this chapter during an election cycle to pay expenses or expenditures incurred during that election cycle. Funds received under this chapter may not be used for costs or legal fees related to representation before the commission or for defense of any enforcement action under this chapter. Nothing in this chapter prevents a participating candidate from having a legal defense fund.

(d) A participating candidate may not expend funds raised or received before the election cycle.

(e) A participating candidate shall comply with the expenditure limits set out in AS 15.14.070.

(f) A participating candidate shall continue to be bound by all other applicable election and campaign finance statutes and regulations, except for provisions in express or clear conflict with the provisions of this chapter.

Sec. 15.14.030. Declaration of intent. (a) A candidate may become a participating candidate under this chapter by filing a statement declaring the candidate's intent to seek certification under AS 15.14.060 and to comply with the requirements of this chapter. The candidate's declaration of intent may be filed with the commission at any time before the end of the qualifying period under AS 15.14.035 during the election cycle.

(b) A candidate may not solicit or collect seed money contributions or qualifying contributions before submitting a declaration of intent.

Sec. 15.14.035. Qualifying period. (a) A candidate for governor or lieutenant governor may qualify between August 1 of the year preceding a year in which the general election is held and June 1 of the year of the general election.

(b) A candidate for the office of state senator or state representative may qualify between October 1 of the year preceding a year in which the general election is held and June 1 of the year in which a general election is held.

Sec. 15.14.040. Seed money contributions. (a) A participating candidate may accept contributions not to exceed \$100 from an individual at any time during an election cycle before filing an application for certification under AS 15.14.060. Those contributions may be expended by a candidate for the purpose of soliciting qualifying contributions under AS 15.14.050 and for any purpose authorized under AS 15.13. A

candidate may not collect or spend seed money contributions after certification as a participating candidate under AS 15.14.060.

(b) Seed money contributions and expenditures made under this section must be reported under AS 15.13.

(c) A participating candidate may not collect more than the following amounts in seed money contributions:

- (1) \$20,000 if the candidate is seeking the office of governor;
- (2) \$10,000 if the candidate is seeking the office of lieutenant governor;
- (3) \$2,000 if the candidate is seeking the office of state senator; or
- (4) \$1,000 if the candidate is seeking the office of state representative.

(d) A participating candidate who exceeds the applicable limit established in (c) of this section shall return the excess funds to the contributors. The participating candidate may return all or part of a seed money contribution, and the returned amount will not be counted as part of the contribution or counted toward the candidate's seed money limit under (c) of this section. The participating candidate shall refund the contribution within three days after the candidate discovers that the candidate's applicable seed money limit has been exceeded. The candidate shall report the receipt and return of all excess seed money contributions to the commission.

Sec. 15.14.050. Qualifying contributions. (a) Except as provided in (d) of this section, a participating candidate shall obtain the following number of contributions of exactly \$5, to be certified under AS 15.14.060:

- (1) contributions from 3,000 registered voters in the state if the candidate is seeking the office of governor;
- (2) contributions from 1,500 registered voters in the state if the candidate is seeking the office of lieutenant governor;
- (3) contributions from 400 registered voters in the candidate's state senate district if the candidate is seeking the office of state senator; and
- (4) contributions from 200 registered voters in the candidate's state house district if the candidate is seeking the office of state representative.

(b) A qualifying contribution must be accompanied by a form prescribed by

the commission that includes

- (1) the name and address of the contributor;
- (2) a signed and dated statement by the contributor supporting the candidate's participation in the clean elections program; and
- (3) the amount of the qualifying contribution.

(c) Contributions under this section may be accepted only by the candidate, the candidate's campaign treasurer, or a deputy treasurer of the candidate's campaign. A payment, gift, or anything of value may not be given in exchange for a qualifying contribution. A contribution received in violation of this subsection is not a qualifying contribution and may not be reported or treated by the candidate as a qualifying contribution.

(d) The commission shall adopt regulations providing for a qualifying contribution of less than \$5 from a low-income registered voter, as defined by the commission. The qualifying contribution form adopted by the commission under (b) of this section must allow a registered voter to certify that the voter meets the requirements established under this subsection. A statement supporting a candidate's participation in the clean elections program that is made by a registered voter qualified under this subsection shall be treated as a qualifying contribution under (a) of this section, notwithstanding that the voter did not make a \$5 contribution to the candidate.

(e) In this section, "registered voter" means a person who is a registered voter at the time the person provides a qualifying contribution to the candidate or who becomes a registered voter at least five days before the participating candidate applies to become a certified candidate under AS 15.14.060.

Sec. 15.14.060. Certification of candidates. (a) To become a certified candidate, a participating candidate shall apply for certification on a form prescribed by the commission. The form must

- (1) be filed during the qualifying period under AS 15.14.035;
- (2) be signed by the participating candidate and the participating candidate's treasurer;
- (3) identify the office the participating candidate is seeking;
- (4) identify the participating candidate's party, if any;

(5) include the participating candidate's declaration that the candidate has abided by and will continue to abide by the requirements of this chapter through the election cycle; and

(6) be accompanied by

(A) a campaign finance report as provided in (c) of this section;

and

(B) the number of qualifying contributions and accompanying voter statements required under AS 15.14.050.

(b) The administrator shall certify a candidate if the administrator determines that the participating candidate has

(1) signed and filed a declaration of intent under AS 15.14.030;

(2) collected the required number of qualifying contributions under AS 15.14.050;

(3) tendered the sum of the qualifying contributions to the commission;

(4) met all other applicable requirements for participation established under this chapter; and

(5) agreed to abide by all requirements for participating candidates.

(c) The campaign finance report required under (a)(6)(A) of this section must be in the form required under AS 15.13.040. The report must account for a participating candidate's seed money contributions received and expenditures incurred since the last report filed under AS 15.13.110, or, if no prior report has been filed, the report must account for all seed money contributions received and expenditures incurred through the third day before the date that the report is filed.

(d) A candidate who the commission determines has fewer than the required number of qualifying contributions under AS 15.14.040 may submit additional qualifying contributions during the qualifying period.

(e) In an election year, the administrator shall certify a candidate who complies with the requirements of this section not later than

(1) five business days after the candidate's submission of the form, campaign finance report, and qualifying contributions required under (a) of this

section if the application is submitted before May 20; and

(2) 10 business days after the candidate's submission of the form, campaign finance report, and qualifying contributions required under (a) of this section if the application is submitted on or after May 20.

(f) A candidate who is denied certification by the administrator is no longer bound by the provisions of this chapter pertaining to participating candidates. The administrator shall return the qualifying contributions submitted by a candidate who is denied certification.

(g) The director of the division of elections shall assist the administrator in carrying out the commission's duties under this section by

(1) verifying, within the time periods set out in (e) of this section, that the maker of a qualifying contribution is a registered voter in the electoral district of the candidate who has submitted the qualifying contribution; and

(2) verifying that the candidate has properly filed for the office the candidate is seeking.

Sec. 15.14.070. Limits on expenditures. (a) A certified candidate shall comply with the limits on campaign expenditures set out in this section, as adjusted in accordance with AS 15.14.100 and 15.14.220.

(b) Total expenditures for participating candidates during the primary election campaign period may not exceed the following amounts:

- (1) \$275,000 for a candidate for the office of governor;
- (2) \$165,000 for a candidate for the office of lieutenant governor;
- (3) \$26,400 for a candidate for the office of a state senator; and
- (4) \$17,600 for a candidate for the office of a state representative.

(c) Total expenditures for certified candidates during the general election period may not exceed the following amounts:

- (1) \$550,000 for candidates in a joint campaign for the offices of governor and lieutenant governor;
- (2) \$39,600 for a candidate for the office of state senator; and
- (3) \$26,400 for a candidate for the office of state representative.

Sec. 15.14.080. Distribution of clean elections program funds to certified

candidates. (a) A candidate certified by the commission is eligible to receive distributions from the fund established under this chapter up to the following amounts:

- (1) funds for certified candidates in the primary election are limited to
 - (A) \$250,000 for a candidate for the office of governor;
 - (B) \$150,000 for a candidate for the office of lieutenant governor;
 - (C) \$24,000 for a candidate for the office of state senator; and
 - (D) \$16,000 for a candidate for the office of state representative;

- (2) funds for certified candidates in the general election are limited to
 - (A) \$500,000 for candidates in a joint campaign for the offices of governor and lieutenant governor;
 - (B) \$36,000 for a candidate for the office of state senator; and
 - (C) \$24,000 for a candidate for the office of state representative.

(b) The commission may by regulation establish procedures requiring the use of debit cards by certified candidates for all or part of the funds disbursed under this section. The commission may limit the use of debit cards to those election districts where it determines their use is reasonable.

(c) A candidate who secures the nomination of a political party for an office in a primary election is eligible for funds under this chapter for use in the general election only if the combined votes of all of the party's candidates in the primary election for that office is equal to at least 10 percent of the total number of votes cast for the candidates of all parties in the primary election for that office.

Sec. 15.14.090. Timing of distributions. (a) The administrator shall make distributions from the fund to certified candidates as follows:

- (1) 25 percent of the applicable amount provided in AS 15.14.080(a)(1) upon a candidate's certification under AS 15.14.060; and
- (2) an additional 75 percent of the applicable amount provided in AS 15.14.080(a)(1) to each certified candidate with an opponent who will appear on the primary election ballot within two business days after the end of the qualifying

period under AS 15.14.035 or upon the candidate's certification, whichever is later.

(b) Within two business days after the director's certification of the results of the primary election, the administrator shall distribute:

(1) 25 percent of the applicable amount provided in AS 15.14.080(a)(2) to each certified candidate who will appear on the ballot in the general election without an opponent; and

(2) 100 percent of the applicable amount provided in AS 15.14.080(a)(2) to each certified candidate who will appear on the ballot in the general election with an opponent.

(c) The administrator shall deduct from the amount distributed under (a) of this section the amount of any unspent or unobligated seed money contributions under AS 15.14.040 held by a participating candidate at the time the candidate files an application for certification under AS 15.14.060. The administrator shall deduct from the amounts distributed under (b) of this section:

(1) the amount of any unspent or unobligated primary election funds held by a certified candidate;

(2) the amount of any prepaid general election expenses reported by the certified candidate;

(3) the amount of any prepaid general election expenses reported by a nonparticipating candidate who forms a joined campaign subject to this chapter under AS 15.14.160; and

(4) the amount of any expenditures using private contributions made by a nonparticipating candidate during the general election campaign period and prior to the formation of a joined campaign under AS 15.14.160 .

(d) The administrator shall distribute any matching funds under AS 15.14.100 within two business days after the earlier of

(1) the receipt of a spending limit report by the commission under AS 15.14.095 showing that a nonparticipating opposing candidate has exceeded expenditure limits under AS 15.14.070; or

(2) a determination by the commission of excess spending on behalf of or by a nonparticipating opposing candidate.

Sec. 15.14.095. Spending limit reports. (a) If a nonparticipating candidate in a primary or general election campaign in which there is at least one participating candidate makes an expenditure or incurs an obligation that causes the nonparticipating candidate's total expenses to exceed 90 percent of the applicable expenditure limit for a participating candidate under AS 15.14.070, the nonparticipating candidate shall, in addition to the reports required under AS 15.13.040 and AS 15.13.110, within two days after exceeding that amount, begin filing spending limit reports with the commission.

(b) If a nonparticipating candidate who is conducting a write-in campaign is running against a certified candidate who does not have an opponent on the general election ballot and the nonparticipating candidate makes an expenditure or incurs an obligation that causes the nonparticipating candidate's total expenses to exceed 20 percent of the expenditure limit for the office under AS 15.14.070(c), the nonparticipating candidate shall, in addition to the reports required under AS 15.13.040 and AS 15.13.110, within two days after exceeding that amount, begin filing spending limit reports with the commission.

(c) If the administrator determines under AS 15.14.097 that a nonparticipating candidate has incurred expenses that exceed 90 percent of the applicable expenditure limit for a participating candidate under AS 15.14.070, after notice, the nonparticipating candidate shall, in addition to the reports required under AS 15.13.040 and AS 15.13.110, begin filing spending limit reports with the commission.

(d) A nonparticipating candidate under (a), (b), or (c) of this section shall file a spending limit report on the Monday of each succeeding week until 14 days before the election and, beginning 14 days before the election, every two business days until the day of the election.

(e) A spending limit report under this section must include a statement of the total dollar amount of all expenses incurred through the day before the date of the report.

(f) Spending limit reports shall be filed electronically with the commission.

Sec. 15.14.097. Determination of excess expenditures by the administrator.

The administrator may, after notice to a nonparticipating candidate and an opportunity for a hearing, make a determination that the nonparticipating candidate has incurred excess expenses based on

- (1) a nonparticipating candidate's report of expenditures;
- (2) a determination regarding independent expenditures under AS 15.14.110; or
- (3) the administrator's own investigation.

Sec. 15.14.100. Matching funds. (a) If a nonparticipating candidate files a spending limit report under AS 15.14.095(a) or if the administrator determines under AS 15.14.097 that a nonparticipating candidate has incurred expenses that exceed the expenditure limits for participating candidates set out under AS 15.14.070(b) or (c), the administrator shall, within two business days, distribute to each certified candidate in that election contest an amount equal to the amount of the nonparticipating candidate's excess expenses. The expenditure limits set out in AS 15.14.070(b) or (c) for each certified candidate in that election contest shall be increased by the amount distributed to each candidate.

(b) The amounts distributed under (a) of this section shall be limited as follows:

(1) the total amount of funds distributed to a certified candidate during the primary election campaign, including matching funds distributed under this section, may not exceed three times the primary election expenditure limits under AS 15.14.070(b);

(2) the total amount of funds distributed to a certified candidate during the general election campaign period, including matching funds distributed under this section, may not exceed three times the general election expenditure limits under AS 15.14.070(c); and

(3) in an election contest with more than one nonparticipating candidate, each certified candidate shall receive matching funds under this section only up to the amount of the excess expenses made by the nonparticipating candidate having the highest excess expenses.

(c) On receipt of a spending limit report from a nonparticipating candidate

under AS 15.14.095(b), the administrator shall disburse to each certified candidate 75 percent of the amount set out in AS 15.14.080(a)(2).

(d) An expenditure limit that is increased under this section is only increased for the current election cycle.

Sec. 15.14.110. Independent expenditures. (a) Any person or group that makes an independent expenditure under AS 15.13.135 exceeding \$500 during an election cycle involving a participating candidate shall report the expenditure to the commission as provided in (b) of this section. The report shall be filed in addition to any reports required under AS 15.13.040 and AS 15.13.110. The report must include a signed statement from the person or group making the independent expenditure identifying the candidate or candidates that the independent expenditure is intended to help elect or defeat, if any, and affirming that the expenditure is totally independent and does not involve cooperation or coordination with a candidate or a political party.

(b) If an independent expenditure is made 45 days or more before a primary or general election, the report required under (a) of this section must be filed within seven days. If the expenditure is made less than 45 days before a primary or general election, the report must be filed within two days.

(c) A certified candidate may file a complaint with the commission that

- (1) an independent expenditure has not been reported;
- (2) the amount of an independent expenditure has been underreported;

or

(3) the report under (a) of this section does not correctly identify the candidate the expenditure is intended to help elect or defeat.

(d) A complaint under (c) of this section must include a statement of facts supporting the complaint, the name of the candidate the complainant believes the expenditure is intended to help elect or defeat, and, if available to the complainant, a copy of the communication alleged to have been funded by the independent expenditure. The administrator shall give the person or group making the expenditure an opportunity to be heard. Within seven days after the filing of the complaint, the administrator shall decide whether the subject of the complaint is an independent expenditure under this section and, if necessary, whom the expenditure is intended to

help elect or defeat. A decision of the administrator under this subsection is valid only for the purpose of determining the appropriate treatment of the expenditure under (e) of this section.

(e) If an independent expenditure is reported under (a) of this section or an expenditure is determined to be an independent expenditure under (d) of this section, the administrator, in determining whether a participating candidate is entitled to matching funds under AS 15.14.100, shall

(1) treat an independent expenditure against a participating candidate as the expenditure of the highest spending nonparticipating candidate in that election contest;

(2) treat an independent expenditure made in support of a nonparticipating candidate as if it were the expenditure of that candidate;

(3) in an election contest with more than one participating candidate, treat an independent expenditure made in support of a participating candidate as if it were an excess expenditure of a nonparticipating opposing candidate of any other participating candidate in that election contest;

(4) in an election contest with more than one participating candidate, treat an independent expenditure against a participating candidate as if it were an excess expenditure of a nonparticipating opposing candidate of that participating candidate.

Sec. 15.14.120. Permitted use of funds. (a) A participating candidate may use contributions and clean election funds received under this chapter only for the purposes set out in AS 15.13.112.

(b) If the commission determines that a participating candidate used clean election funds in violation of AS 15.13.112, the commission shall notify the participating candidate, and the candidate shall, after notice and opportunity for hearing, reimburse the clean elections fund the amount determined by the commission.

Sec. 15.14.130. Contributions by political parties. A participating candidate may accept contributions from the candidate's political party during the primary and general election campaign periods if the total amount of contributions received by the candidate does not exceed 10 percent of the clean elections fund disbursement for the

office the participating candidate seeks under AS 15.14.080(a)(1) for the primary election or AS 15.14.080(a)(2) for the general election.

Sec. 15.14.140. Repayment of unused funds. (a) Within 14 days after the director's certification of the results of the primary election, a participating candidate who is not successful in the primary election shall return to the commission all clean election funds that were not spent or obligated to be spent during the primary election campaign period.

(b) Within 14 days after the certification of the results of the general election, a participating candidate shall return to the commission all clean election funds that were not spent or obligated to be spent during the general election campaign period.

Sec. 15.14.150. Candidates by petition. (a) A candidate who is seeking to be nominated by petition under AS 15.25.140 – 15.25.200 may become a participating certified candidate by complying with the requirements of AS 15.14.020 – 15.14.060. The administrator may not certify a candidate under this subsection until the director of elections has verified that the candidate has qualified for the general election ballot. A candidate nominated by petition is eligible only for funding under AS 15.14.080(a)(2).

(b) A certified candidate who has been nominated by petition may solicit and accept private contributions for the general election if the total amount of contributions received by the candidate does not exceed 10 percent of the clean elections fund disbursement for the office the candidate seeks under AS 15.14.080(a)(2).

Sec. 15.14.160. Governor and lieutenant governor joined campaigns. (a) If a political party nominates candidates for governor and lieutenant governor who were both participating candidates during the primary election campaign period, the candidates shall form a joined campaign for the general election. The joined campaign is a "participating candidate" under this chapter and is eligible to receive general election funding under AS 15.14.080(a)(2).

(b) If a political party nominates candidates for governor and lieutenant governor and only one of the candidates was a certified candidate under this chapter during the primary election campaign period, the candidates may form a joined

campaign that is eligible to receive general election funding under AS 15.14.080(a)(2) if the nonparticipating candidate complies with the requirements of (d) of this section. The candidates shall notify the commission that they have formed a joined campaign no later than one day after the certification of the primary election.

(c) If a nonparticipating candidate declines to form a joined campaign with a participating candidate subject to this chapter, the candidates shall maintain separate campaign accounts and may not coordinate campaign expenditures. The participating candidate is eligible to receive the amount authorized for a joined campaign under AS 15.14.080(a)(2). An expenditure by the nonparticipating candidate during the general election campaign period and the prepaid general election expenses of the nonparticipating candidate shall be treated as an expenditure of the participating candidate under AS 15.14.110.

(d) If the nonparticipating candidate forms a joined campaign with the participating candidate subject to this chapter, the nonparticipating candidate shall report to the commission all prepaid general election expenses and all expenditures using private contributions made during the general election campaign period before the formation of the joined campaign. The nonparticipating candidate shall also, within five days of the formation of the joined campaign, disburse all remaining unspent or unobligated private contributions in accordance with AS 15.13.116.

(e) If a political party nominates candidates for governor and lieutenant governor and neither candidate was a participating candidate during the primary election period, a joined campaign formed by the two nonparticipating candidates is not eligible for funding under this chapter.

Sec. 15.14.170. Write-in candidates. (a) A candidate who is conducting a write-in campaign is not eligible for clean elections funds and shall be treated as a nonparticipating candidate under this chapter.

(b) If a candidate who is conducting a write-in campaign is running against a certified candidate who has an opponent on the general election ballot, the write-in candidate shall comply with the reporting requirements of AS 15.14.095.

Sec. 15.14.180. Withdrawal by participating candidate. (a) A candidate may withdraw from participation as a clean elections candidate at any time within 10 days

after the end of the qualifying period under AS 15.14.035 by delivering to the commission a notice of the candidate's intent to withdraw. The candidate may not accept any private contributions until three days after the notice of the candidate's intent to withdraw is received by the commission. A candidate who has submitted a notice of the candidate's intent to withdraw may not receive any further clean elections funds.

(b) A participating candidate who withdraws before submitting qualifying contributions to the commission shall use the candidate's best efforts to return all qualifying contributions the candidate has collected to the contributors within 30 days after the candidate's withdrawal. If a contributor cannot be located, the qualifying contributions collected by the candidate shall be remitted to the fund. Any qualifying contributions already submitted by a participating candidate who withdraws shall remain in the fund.

(c) A certified candidate who has already received clean elections funds before filing a notice of an intent to withdraw shall immediately stop spending these funds on submission of the notice. The candidate shall return all unspent clean elections funds to the commission within five days after submitting the notice of the candidate's intent to withdraw. The candidate shall repay to the commission all clean elections funds received and spent by the candidate within 30 days after submitting the notice of the candidate's intent to withdraw. A candidate who has not repaid all clean elections funds within 30 days after withdrawing may not spend private contributions for any purpose until the clean elections funds have been repaid.

(d) The commission shall adopt regulations governing the form of a notice of an intent to withdraw.

Sec. 15.14.190. Insufficient funding. If, during the election year, the commission determines that there is not enough money appropriated to fully fund all participating candidates, the commission shall issue a declaration of insufficient funding. The commission shall distribute available funds to certified candidates on a prorated basis and authorize participating candidates to solicit and accept private contributions permitted under AS 15.13. If the commission issues a declaration of insufficient funding, a participating candidate may not accept more in private

contributions than is authorized under the candidate's spending limit under this chapter.

Sec. 15.14.200. Civil penalties. (a) Except as provided in (b) of this section, a person who violates a provision of this chapter or a regulation adopted under this chapter is subject to a civil penalty not to exceed \$5,000. The legislature may appropriate money received to the clean elections fund.

(b) In addition to any other penalty imposed by law, a certified candidate who exceeds the expenditure limits established under this chapter shall pay as a civil penalty to the fund an amount equal to

(1) the amount by which the certified candidate exceeded the limit if the limit is exceeded by more than one percent but less than three percent;

(2) three times the amount by which the certified candidate exceeded the limit if the limit is exceeded by more than three percent but less than five percent; or

(3) five times the amount by which the certified candidate exceeded the limit if the limit is exceeded by more than five percent.

(c) A certified candidate who violates the expenditure limits established under this chapter by more than 10 percent is disqualified as a candidate and, if elected, shall forfeit the office to which the candidate was elected.

(d) In addition to any other penalty imposed by law, if a nonparticipating candidate fails to file a timely and accurate report under AS 15.14.100 and the failure to do so results in the late payment or nonpayment of matching funds, the nonparticipating candidate shall pay as a civil penalty an amount equal to

(1) the amount of matching funds not paid or paid late to a single certified candidate running for the same office, if the amount of the matching funds is \$2,000 or less;

(2) three times the amount of matching funds not paid or paid late to a single certified candidate running for the same office, if the amount of the matching funds is more than \$2,000 but less than \$5,000;

(3) five times the amount of matching funds not paid or paid late to a single certified candidate running for the same office, if the amount of the matching

funds is \$5,000 or more but less than \$10,000; or

(4) 10 times the amount of matching funds not paid or paid late to a single certified candidate running for the same office, if the amount of the matching funds is \$10,000 or more.

(e) In addition to any other penalty imposed by law, a person or group who makes an independent expenditure under AS 15.14.110(a) and does not file a timely and accurate report under AS 15.14.110 resulting in the late payment or nonpayment of matching funds to a certified candidate, the person or group making the independent expenditure shall pay as a civil penalty an amount equal to

(1) the amount of matching funds not paid or paid late to a single certified candidate, if the amount of the matching funds is \$2,000 or less;

(2) three times the amount of matching funds not paid or paid late to a single certified candidate, if the amount of the matching funds is more than \$2,000 but less than \$5,000;

(3) five times the amount of matching funds not paid or paid late to a single certified candidate, if the amount of the matching funds is \$5,000 or more but less than \$10,000; or

(4) 10 times the amount of matching funds not paid or paid late to a single certified candidate, if the amount of the matching funds is \$10,000 or more.

(f) In addition to a fine, the commission may require a certified candidate found to be in violation of this chapter or a regulation adopted under this chapter to repay to the fund all or part of the clean elections funds distributed to the candidate.

Sec. 15.14.210. Administrative procedure and appeals. (a) A candidate who has been denied certification under AS 15.14.060, the opponent of a candidate who has been granted certification under AS 15.14.060, or a registered voter residing in the electoral district of a certified candidate may challenge a certification decision under this chapter.

(b) A certification decision may be appealed to the full commission within seven days after the certification decision. The appeal must be in writing and must set out the reasons for the appeal.

(c) Within five days after an appeal is properly made and notice is given to the

appellant and any candidate in the electoral district, the commission shall hold a hearing. The appellant has the burden of demonstrating that the administrator's decision was improper. The commission shall rule on the appeal within three days after the completion of the hearing.

(d) A candidate whose certification is revoked on appeal shall return any unspent distributions from the fund.

(e) A decision of the administrator to disburse matching funds under AS 15.14.100 may be appealed to the commission by a candidate in the affected election contest who is opposed to the distribution or by a person or group making the independent expenditure under AS 15.14.110 that results in a distribution of matching funds. A decision by the administrator to disburse matching funds shall be implemented, notwithstanding the filing of an appeal, unless the commission issues a stay of the administrator's decision.

(f) Any other decision of the administrator may be appealed to the commission. The commission shall adopt regulations establishing appeal procedures.

(g) A person or group who believes that a violation of this chapter or a regulation adopted under this chapter has occurred or is occurring may file an administrative complaint with the commission within one year after the date of the alleged violation. The commission may consider a complaint on an expedited basis or a regular basis. The complaint shall be considered in accordance with the procedures set out at AS 15.13.380(b) - (h).

(h) A decision of the commission under (c) of this section may be appealed to the superior court. The appellant may request that the appeal be heard on an expedited basis.

Sec. 15.14.220. Adjustment for inflation. Beginning in January 2011 and every four years thereafter, the commission shall modify the dollar values specified in AS 15.14.040, 15.14.070, and 15.14.080 to account for inflation. The commission shall adopt by regulation a method to determine the amount of the adjustment.

Sec. 15.14.230. Regulations. The administrator shall adopt regulations to ensure effective administration of this chapter. The regulations must include procedures for obtaining qualifying contributions, certification of candidates, recounts,

withdrawal or replacement of candidates, disbursement of clean elections funds, reporting of prepaid general election expenses, return of unspent fund disbursements, processing complaints alleging violations of this chapter, recordkeeping, and compliance with this chapter.

Sec. 15.14.240. Report to the legislature. By January 30, 2010, and every four years after that date, the commission shall submit a report to the legislature documenting, evaluating, and making recommendations relating to the administration, implementation, and enforcement of this chapter and clean election fund established in AS 15.14.510.

Sec. 15.14.400. Definitions. In this chapter,

- (1) "administrator" means the person appointed by the commission under AS 15.13.030(11);
- (2) "clean elections" means the optional system of contribution and expenditure limits and public campaign financing established under this chapter;
- (3) "commission" means the Alaska Public Offices Commission;
- (4) "contribution" has the meaning given in AS 15.13.400;
- (5) "election cycle," as applied to a candidate for state office, is the period beginning on the 31st day following a general election for that office and ending on the 30th day following the next general election for that office;
- (6) "election year" means the calendar year during which a state general election for a particular office is held;
- (7) "expenditure" has the meaning given in AS 15.13.400;
- (8) "fund" means the clean elections fund established in AS 15.14.010;
- (9) "general election campaign period" means the period beginning the day following the primary election and ending on the day of the general election;
- (10) "independent expenditure" has the meaning given in AS 15.13.400;
- (11) "nonparticipating candidate" means a candidate, as that term is defined in AS 15.13.400, who has not been certified under AS 15.14.060;
- (12) "obligated expenditure" means an expenditure that a candidate is legally obligated to make or has otherwise agreed to make, but has not yet made;

(13) "participating candidate" means a candidate, as that term is defined in AS 15.13.400, who has agreed to participate in the clean elections program, who has submitted and not withdrawn a declaration of intent, and who has not been denied certification by the commission;

(14) "prepaid general election expenses" means payments made by a candidate before the end of the primary election campaign period for goods or services that will be delivered or provided during the general election campaign period and includes

(A) rental payments;

(B) radio, television, newspaper, and other forms of advertising;

(C) wages, salaries, and personnel costs;

(D) consulting services;

(E) other payments defined by the commission by regulation;

(15) "primary election campaign period" means the period beginning the day following the qualifying period and ending the day of the primary election;

(16) "qualifying contribution" means an allowable contribution under AS 15.14.050 to a participating candidate that is made after the candidate submits a declaration of intent and before the end of the qualifying period;

(17) "qualifying period" means the period during which a candidate may collect qualifying contributions for the purpose of becoming a certified candidate; for a candidate for statewide office, the period begins on August 1 of the year preceding a year in which a general election is held and ends on June 1 of the general election year; for a candidate for the legislature, the period begins on October 1 of the year preceding a year in which a general election is held and ends on June 1 of the general election year;

(18) "seed money contribution" means a contribution of not more than \$100 from each individual made to a candidate, including a contribution from the candidate or the candidate's relative;

(19) "statewide office" means the office of governor or lieutenant governor.

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* **Sec. 8.** AS 15.56.012(a) is amended to read:

(a) Except as provided in AS 15.56.014 and 15.56.016, a person commits the crime of campaign misconduct in the first degree if the person knowingly engages in conduct that violates a provision of AS 15.13 or AS 15.14, or a regulation adopted under authority of AS 15.13 AS 15.14.

* **Sec. 9.** AS 43.55.165(e)(11) is amended to read:

(11) surcharges levied under AS 43.55.201, [OR] 43.55.300, or 43.55.400;

* **Sec.10.** AS 43.55.201(b) is amended to read:

(b) The surcharge imposed by (a) of this section is in addition to the tax imposed by AS 43.55.011 and is due on the last day of the month on oil produced from each lease or property during the preceding month. The surcharge is in addition to the surcharges [SURCHARGE] imposed by AS 43.55.300 - 43.55.310 and 43.55.400.

* **Sec. 11.** AS 43.55.300(b) is amended to read:

(b) The surcharge imposed by (a) of this section is in addition to the tax imposed by AS 43.55.011 and is due on the last day of the month on oil produced from each lease or property during the preceding month. The surcharge is in addition to the surcharge imposed by AS 43.55.201 - 43.55.231 and 43.55.400.

* **Sec. 12.** AS 43.55 is amended by adding new sections to read:

Article 3A. Additional Surcharge on Oil.

Sec. 43.55.400. Surcharge levied. (a) Every producer of oil shall pay a surcharge of \$.03 per barrel of oil produced from each lease or property in the state, less any oil the ownership or right to which is exempt from taxation.

(b) The surcharge imposed by (a) of this section is in addition to the tax imposed by AS 43.55.011 and is due on the last day of the month on oil produced from each lease or property during the preceding month. The surcharge is in addition to the surcharges imposed by AS 43.55.201 - 43.55.231 and 43.55.300.

(c) A producer of oil shall make a report of production on March 31 of the year following the calendar year of production and in the same manner and under the same penalties as required under AS 43.55.011 - 43.55.180.

1 (d) Oil not considered under AS 43.55.020(e) to be produced from a lease or
2 property is not considered to be produced from a lease or property for purposes of this
3 section.

4 **Sec. 43.55.410. Use of revenue derived from surcharge.** The legislature may
5 appropriate the annual estimated balance of the account maintained under
6 AS 37.05.142 for deposits into the general fund of the proceeds of the surcharge levied
7 under AS 43.55.400 to the clean elections fund (AS 15.14.010).

8 * **Sec. 13.** AS 43.55.900(21) is amended to read:

9 (21) "surcharge" means

10 (A) when used in AS 43.55.201 - 43.55.299, the surcharge
11 levied by AS 43.55.201;

12 (B) when used in AS 43.55.300 - 43.55.310, the surcharge
13 levied by AS 43.55.300;

14 **(C) when used in AS 43.55.400 and 43.55.410, the surcharge**
15 **levied by AS 43.55.400.**

16 * **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to
17 read:

18 **APPLICABILITY.** This Act applies

19 (1) immediately to the election cycles, as that term is defined by
20 AS 15.14.400, enacted by sec. 7 of this Act, for the offices of state senator and state
21 representative; and

22 (2) after December 31, 2010, for the election cycle, as that term is defined by
23 AS 15.14.400, enacted by sec. 7 of this Act, for the offices of governor and lieutenant
24 governor.
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