

April 27, 2026

The Honorable Avelino Valencia, Chair

Assembly Committee on Banking and Finance

1021 O Street
Sacramento, CA 95814

Dear Chair Valencia:

On behalf of tens of thousands of constituents, allied organizations, and more than 2,000 churches across California, the California Family Council respectfully opposes AB 1984.

AB 1984 is not a narrowly tailored campaign finance measure. It is a sweeping restructuring of California corporate law that would significantly restrict the ability of incorporated entities—including churches, religious ministries, nonprofit organizations, and other associations—to participate in the political process. By redefining and limiting the powers of so-called “artificial persons,” the bill would prohibit a wide range of organizations incorporated under California law from engaging in political expenditures related to candidate elections or ballot measures.¹

The scope of the bill is broad. It applies to nonprofit religious corporations organized under California law, as well as to other incorporated entities such as limited liability companies and business corporations.² As a result, many faith-based and charitable organizations that currently participate in public policy discussions through lawful advocacy could face substantial legal risk for engaging in activities that have long been understood as core protected speech.

Serious Constitutional Concerns

AB 1984 raises significant constitutional concerns under the First Amendment. In *Citizens United v. FEC*, the United States Supreme Court held that the government may not prohibit independent political expenditures based on the identity of the speaker, including corporations and associations.³ The Court reaffirmed that political speech is “indispensable to decisionmaking in a democracy” and is no less protected when expressed through an organized entity.

While AB 1984 approaches this issue through the lens of corporate law rather than election law, that distinction does not resolve the constitutional problem. The Supreme Court has consistently held that the government may not condition the grant of a legal benefit—such as corporate status—on the surrender of constitutional rights.⁴ Nor may it accomplish indirectly what it is prohibited from doing directly.⁵ A statutory framework that removes the legal capacity of organizations to engage in protected political speech is therefore likely to face substantial constitutional challenge.

In addition, the bill’s broad scope raises concerns under the overbreadth doctrine. By encompassing a wide array of nonprofit, religious, and advocacy organizations engaged in public discourse, AB 1984 risks sweeping in a substantial amount of protected speech.⁶ The severity of potential enforcement mechanisms may also create a chilling effect, discouraging lawful participation in public debate out of fear of legal consequences.⁷



Uncertainty and Legal Instability

AB 1984 would fundamentally alter longstanding principles of corporate law by revoking existing powers and reestablishing them in a more limited form.¹ Such a sweeping change introduces significant uncertainty regarding what activities are permissible for incorporated entities operating in California.

The bill also authorizes enforcement actions that could include injunctive relief, financial penalties, and challenges to an entity's legal status.¹ While these mechanisms would ultimately be subject to judicial review, their breadth may expose organizations to substantial legal risk and compliance burdens. This uncertainty is particularly concerning for smaller nonprofits and religious organizations that lack the resources to navigate complex and evolving legal standards.

Impact on Civil Society

In practice, AB 1984 would affect a wide range of organizations that contribute to California's civic life. Churches, faith-based nonprofits, and community organizations frequently engage in issue advocacy, voter education, and public policy discussions on matters of moral and social importance. These activities represent core forms of civic participation protected by the First Amendment.³

Restricting the ability of such organizations to participate in the political process does not simply regulate conduct—it risks silencing important perspectives in public debate. A healthy democracy depends on the ability of individuals to come together in organized forms to express shared beliefs and advocate for policy positions.

For these reasons, the California Family Council respectfully urges the Committee to reject AB 1984.

Respectfully,



Greg Burt
Vice President
California Family Council

References

1. California Assembly Bill 1984 (as introduced Feb. 13, 2026), §§ redefining corporate powers and limiting political spending authority.
2. California Corporations Code § 9120 (governing nonprofit religious corporations in California).
3. Citizens United v. FEC, 558 U.S. 310, 365 (2010).
4. Perry v. Sindermann, 408 U.S. 593, 597 (1972) (government may not deny a benefit on a basis that infringes constitutionally protected freedoms).
5. Speiser v. Randall, 357 U.S. 513, 526 (1958) (government may not achieve indirectly what it cannot achieve directly).
6. Broadrick v. Oklahoma, 413 U.S. 601, 615 (1973) (overbreadth doctrine).
7. NAACP v. Button, 371 U.S. 415, 433 (1963) (laws that chill protected expression are subject to strict scrutiny).