

STAND. COM. REP. NO.

2556

Honolulu, Hawaii

FEB 28 2008

RE: S.B. No. 2204

S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Judiciary and Labor, to which was referred
S.B. No. 2204 entitled:

"A BILL FOR AN ACT RELATING TO CAMPAIGN SPENDING,"

begs leave to report as follows:

The purpose of this measure is to make technical changes to
the law to conform to the current law requiring electronic filing
of reports.

Your Committee received testimony in support of this measure
from the Campaign Spending Commission. The Hawaii Association of
Public Accountants submitted testimony in support with proposed
amendments.

Your Committee has amended this measure by incorporating
certain provisions from S.B. Nos. 2203, 2579, 2581, 2777, 3140,
and 3141, which were heard on the same hearing agenda with this
measure.

Specifically, your Committee has amended this measure as
follows:

- (1) Requiring candidates who agree to expenditure limits to
reserve until after the applicable election,
contributions received in excess of that limit;



- (2) By repealing specific penalty provisions in order to conform with amendments made previously by your Committee to S.B. No. 2579;
- (3) Prohibiting the commission from issuing rules through advisory opinions;
- (4) Increasing the threshold for reporting occupation and employer from \$100 to \$250;
- (5) Authorizing the use of campaign funds for "ordinary and customary" expenses rather than "ordinary and necessary" expenses;
- (6) Clarifying that a corporation or company using funds from its own treasury may make unlimited contributions to, or make unlimited expenditures on behalf of, the corporate or company noncandidate committee;
- (7) Clarifying the conditions under which expenditures do not constitute a loan;
- (8) Clarifying those persons who are subject to administrative fines for violations relating to campaign contributions and expenditures, and providing an opportunity for natural persons or candidate committees to correct violations before the assessment of those fines; and
- (9) Making technical nonsubstantive amendments for the purposes of clarity and style.

Your Committee is changing to the term "ordinary and necessary" in sections 11-200(b)(2) and 11-206(c)(3), Hawaii Revised Statutes, to "ordinary and customary" due to the narrow interpretation of the current term. The purpose of this change is to permit a candidate to use campaign funds as broadly as possible to assist a candidate to an elective office. Your Committee believes transparency of information through reporting requirements is the key to providing checks and balances of whether a candidate is properly using the candidate's campaign funds, and this measure and that current campaign spending laws should provide the necessary transparency.



As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2204, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2204, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,



BRIAN T. TANIGUCHI, Chair



