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STATE OF HAWAII
CAMPAIGN SPENDING COMMISSION
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January 20, 2012

TO: The Honorable Gilbert S. C. Keith-Agaran, Chair
House Committee on Judiciary

The Honorable Karl Rhoads, Vice Chair
House Committee on Judiciary

Members of the House Committee on Judiciary

FROM: Kristin Izumi-Nitao, Executive Director *KIN*
Campaign Spending Commission

SUBJECT: Testimony on H.B. No. 1756, Relating to Campaign Spending

Tuesday, January 24, 2012
2:00 p.m., Conference Room 325

Thank you for the opportunity to testify on this bill. The Campaign Spending Commission ("Commission") strongly supports this bill and urges the Committee to pass the bill.

Section 1 of the bill amends §11-301 (definitions), Hawaii Revised Statutes, by adding a definition of "matching payment period." In that same section, the definition of "qualifying contribution" includes a reference to a matching payment period during which a candidate seeking public funding may receive qualifying contributions of \$100 or less. The definition of "matching payment period" was included in a prior law (§11-191, Haw. Rev. Stat. (2009 Replacement)). Adding the definition of "matching payment period" back to the statute would allow Commission staff to better implement the partial public financing program.

Section 2 of the bill makes "housekeeping" amendments to §11-314 (duties of the Commission). For example, the bill replaces "duplicating" with "duplication" in subsection 4. The bill does not enlarge or curtail the duties of the Commission in any manner.

Section 3 of the bill amends §11-334(a)(1)(A) (time to file preliminary, final, and supplemental reports) by changing the due date of the 1st Preliminary Primary Report from "July 31 of the election year" to "thirty calendar days prior to a primary election."

Act 126, Sess. Laws Haw. (2010), advanced the date of the primary election from the last Saturday in September to the second Saturday in August. Thus, if the due date for the 1st Preliminary Primary Report is not also advanced, in election years such as this year, candidates will have back-to-back reporting deadlines of July 31st and August 1st to file the 1st Preliminary Primary Report and the 2nd Preliminary Primary Report, respectively.

Section 3 of the bill also amends §11-334(a)(4), to more clearly align the law with present practice. Presently, every candidate files the Supplemental Report that is due on January 31st every year and not just on January 31st of an election year. This bill would delete “after an election year” from the statutory provision.

Section 4 of the bill amends §11-335 (noncandidate committee reports) by separating the reporting of contributions into contributions received and contributions made by noncandidate committees, and requiring noncandidate committees to identify the candidate supported or opposed by the committees’ independent expenditures. This will align the statute with the reality that noncandidate committees both make and receive contributions and report them, and to promote transparency of spending on independent expenditures.

Finally, section 5 of the bill amends §11-423 (voluntary expenditure limits; filing affidavit) by amending subsection (b) to require candidates to file the affidavit to abide by statutory expenditure limits no later than the time to file nomination papers. This deadline was provided for in the prior law (§11-208(c) (2009 Replacement)) and would allow Commission staff to better implement the partial public financing program. The bill also amends subsection (d) by adding “prosecuting attorney” to paragraph (4). Thus, the prosecuting attorney, along with state senators, state representatives, and county council members participating in the partial public financing program would be able to spend \$1.40 multiplied by the number of registered voters in the voting district. This amendment reinstates language deleted by Act 203, Sess. Laws Haw. (2005). This deletion forced the Commission to place the prosecuting attorney in the “all other offices” category of spending limit, *i.e.*, 20 cents multiplied by the number of registered voters in the voting district. This seems unreasonable given the fact that the prosecuting attorney is a county-wide office.



House JUD Committee
Chair Gilbert Keith-Agaran, Vice Chair Karl Rhoads

Tuesday 1/24/12 at 2:00PM in Room 325
HB 1756 – Campaign Spending

TESTIMONY

Nikki Love, Executive Director, Common Cause Hawaii

Chair Keith-Agaran, Vice Chair Rhoads, and Committee Members:

Common Cause Hawaii offers the following comments on HB 1756, regarding campaign spending.

DEADLINES FOR REPORTS

We support the changes in Section 3 regarding deadlines for campaign spending reports. This change is necessary due to the new earlier Primary Election date. Moving up the deadline for the first preliminary report is important to ensure disclosure and transparency, and avoid the redundancy of having two reporting deadlines only one day apart.

NONCANDIDATE COMMITTEE REPORTS

We support the improvements proposed in Section 4 regarding noncandidate committees (PACs). These changes would clarify the reporting of PAC contributions made and received, and require PACs to disclose which candidates were supported or opposed by independent expenditures.

INDEPENDENT EXPENDITURES IN CAMPAIGNS

We ask the Committee to consider additional steps to ensure transparency in the area of independent expenditures in campaigns. This is a particularly timely issue, given recent court decisions and increased public concern about money in politics in this election year.

As you know, the controversial 2010 Supreme Court decision in Citizens United v. FEC paved the way for unlimited spending by corporations and unions to influence elections. New “Super PACs” and other entities are popping up at the federal and state levels to take

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advantage of these new opportunities for big campaign money.

The public's understanding of this issue has grown over the past two years, and the concern about campaign finance is becoming more widespread. This is even leading to a growing movement nationwide for a U.S. Constitutional Amendment to overturn Citizens United and rein in campaign spending by corporations. A recent Civil Beat poll showed that an overwhelming majority of Hawaii voters support this idea.

In this context, other states are beefing up their disclosure requirements, and Hawaii is falling behind. We would ask the Committee to consider additional changes to the law to improve transparency for independent expenditures. This could include requiring corporations and other entities to disclose their independent expenditures; requiring corporations, PACs, and other entities to report their late expenditures; and requiring disclosure of the hidden funders of campaign advertisements.

Mahalo for your attention to this issue, and mahalo for the opportunity to submit testimony.

Testimony submitted to the Committee on Judiciary

Committee meeting Tuesday, Jan. 24, 2012

Time: 2:00 p.m.

Place: 325

SUBJECT: HB 1756 Relating to the Campaign Spending Law, Section 4

POSITION: SUPPORT

Testimony:

Chair Keith-Agaran, Vice-Chair Rhoads, Members of the Committee:

I am testifying as President of the League of Women Voters of Hawaii. Thank you for this opportunity to speak on behalf of our members throughout Hawaii.

The League of Women Voters of Hawaii strongly supports the public's access to information on money spent by independent parties or committees intending to influence voters' choices among candidates for elective office. We are all aware of the great increase in such expenditures following the Supreme Court's Citizens United decision in 2010.

We believe disclosure such as that included in Section 4 of HB 1756 will allow members of the public, in particular voters, to learn the identities and funders of independent campaign expenditures.

Thank you for the opportunity to testify

Beppie Shapiro
President, LWVHI