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**STATE OF HAWAII
CAMPAIGN SPENDING COMMISSION**

235 SOUTH BERETANIA STREET, ROOM 300
HONOLULU, HAWAII 96813

February 26, 2013

TO: The Honorable Sylvia Luke, Chair
House Committee on Finance

The Honorable Scott Y. Nishimoto, Vice Chair
House Committee on Finance

The Honorable Aaron Ling Johanson, Vice Chair
House Committee on Finance

Members of the House Committee on Finance

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

SUBJECT: **Testimony on H.B. No. 1147, H.D. 1, Relating to Campaign Spending**

Wednesday, February 27, 2013
11:30 a.m., Conference Room 308

Thank you for the opportunity to testify on this bill. The Campaign Spending Commission ("Commission") supports the intent of this bill. The measure does not require an appropriation from the Legislature.



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House Finance Committee
Chair Sylvia Luke, Vice Chair Scott Nishimoto, Vice Chair Aaron Johanson

Wednesday 02/27/13 at 11:30AM in Room 308
HB1147 HD1– Relating to Campaign Spending

TESTIMONY
Carmille Lim, Executive Director, Common Cause Hawaii

Dear Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and members of the House Finance Committee:

Common Cause Hawaii supports HB1147 HD1, which encourages transparency for PACs and SuperPACs.

HB1147 HD1 includes a number of important elements to improve transparency and disclosure for campaign finance, with particular respect to independent expenditures and SuperPACs. Specifically, this bill requires noncandidate committees to identify certain top contributors for advertisements.

Transparency for independent expenditures is a particularly timely issue, as *Citizens United v. FEC* and other court decisions 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 advantage of these new pathways for campaign money.

The public's understanding of this issue has grown over the past three 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.

The experience of the most recent elections shows the clear need for action by elected officials; 2012 was the year of the SuperPAC at the federal, state, and local levels. Here in Hawaii, new SuperPACs were formed and enormous quantities were expended on campaign advertising aiming to influence the voters.

In this context, other states are beefing up their disclosure requirements, and Hawaii is falling behind. Maryland, Rhode Island, and Connecticut already have similar legislation in place. According to the National Institute on Money in State Politics, Hawaii has ranked in the bottom half of the nation with respect to disclosure for independent expenditures. With the recent growth of SuperPACs and independent expenditures, more disclosure is urgently needed. This bill includes important elements to improve this situation.



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IMPORTANT ELEMENTS IN HB1147 HD1

There are several important elements included in the bill:

- **Disclosures on Advertisements** – Advertisements are currently required to include a message disclosing who has paid for the ad, but the names of SuperPACs may not give any real information to the viewers, listeners, or readers. This bill improves the disclosures on advertisements by requiring a listing of a SuperPAC’s three top contributors. Similar provisions have been included in various pending legislation in other states.
- **Noncandidate Committee Reporting** – This bill requires noncandidate committees to report additional information including the name of any candidate supported, opposed, or identified in any advertisements. Also, for independent-expenditure-only committees (“SuperPACs”), the bill requires certification that independent expenditures are not coordinated with the candidate.
- **Late Expenditures** – The current law already requires reporting of *late contributions* – donations given just before an election. Now that independent expenditures are gaining prominence, this bill would require noncandidate committees and other entities to report *late expenditures* as well.
- **Electioneering Communications** – This bill requires more details to be reported in electioneering communication reports, and directs the Campaign Spending Commission to create rules to require all persons to file electioneering communication reports (currently, noncandidate committees are not required to file these reports).

While we may not be able to completely eliminate the influence of “big money” in politics, we believe that improving the way campaign contributions and expenditures are reported, will help voters identify the source of campaign money.

Thank you for the opportunity to testify in support of HB1147 HD1.



49 South Hotel Street, Room 314 | Honolulu, HI 96813
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COMMITTEE on FINANCE
Rep. Sylvia Luke, Chair
Rep. Scott Nishimoto & Rep. Aaron Johanson, Vice-Chairs
Wednesday, February 27, 2013; 11:30 AM; Conference Rm. 308

TESTIMONY in SUPPORT of **HB 1147 HD1** Relating to Campaign Spending
Wynnie Hee, Legislative Committee Member, League of Women Voters of Hawaii

Chair Luke, Vice-Chairs and Members:

The League of Women Voters of Hawaii supports HB 1147 HD1, which would **increase transparency in campaign spending** by requiring noncandidate committees – PACs and Super PACs -- to identify certain top contributors, directly or indirectly, to advertisements.

In today's unlimited campaign spending environment, in order for citizens to "follow the money," we must require noncandidate committees that are making only independent expenditures to name at least their top donors to either their advertisements or, if unknown, then to the non-candidate committee itself. For example, if a noncandidate committee has many contributors but none have contributed specifically for the advertisement, then the "top contributors to the noncandidate committee itself" need to be named in the advertisement.

According to OpenSecrets.org, at least **\$6 billion was spent nationwide** in the 2012 election cycle. Need we remind you that even locally, all told, an unprecedented **\$4 million** was spent by the candidates and a Super PAC **on a single race** –the City and County of Honolulu mayoral race? This Super PAC outspent the candidate targeted by its negative ads by over ten to one, over \$3 million compared to the \$300,000 spent by the targeted candidate.

Please help to renew the public's confidence in our election process and in our public officials. More disclosure is urgently needed. Let us see who is behind the enormous amounts of money spent to influence the outcome our elections.

The League of Women Voters of Hawaii believes that this is an important, much needed bill. We urge you to pass HB1147 HD1.

Thank you for this opportunity to submit testimony.



HAWAII

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MAILING ADDRESS

PO. Box 617
Honolulu
Hawaii'i 96822

February 26, 2013

TO: Chair Sylvia Luke, Vice Chair Scott Nishimoto,
Members of the House Committee on Finance
FROM: Barbara Polk, Legislative Chair
Americans for Democratic Action/ Hawaii
SUBJECT: SUPPORT FOR HB 1147 RELATING TO CAMPAIGN SPENDING

Thank you for this opportunity to testify on this important bill. Americans for Democratic Action/Hawaii is in strong support of HB 1147. The changes in our political culture brought about by the US Supreme Court's decision in the Citizens United vs. the Federal Election Commission, as well as other court decisions, have resulted in an increasing influx of money into local political campaigns, especially by "SuperPACs", which can now collect and expend unlimited funds to influence an election, provided that they do not coordinate their efforts with a candidate for office. In Hawaii, as elsewhere, SuperPACs have accumulated significant funds from a single source or from very few sources. The existing disclosure requirements in campaign advertising are insufficient to identify the true source of the funds in the advertisement as it reaches the public.

Hawaii needs to modify its campaign spending laws to take into account this new development in order to give the public access to who is influencing elections. HB 1174 would increase reporting of campaign contributions and expenditures, to allow voters to be able to determine the source of campaign messages they receive.

The primary change that would reach the general public is the requirement that political advertisements include the names of top contributors so that the public will know who is responsible for the ads. At present, only the name of the organization sponsoring the ad is required—a name that can be meaningless or misleading. Section 2 defines "top contributors" as those who have made the 3 largest contributions over \$10,000 for the purpose of the advertisement or to the non-candidate committee running the ad.

We request that the bill be amended to require listing the three top contributors over \$5000. We are aware that the Deputy AG has researched the contributions made in the recent election in recommending \$10,000. However, the establishment of Super-PACs is just beginning, and future ones may have only smaller donors, resulting in no information to the public about who is responsible for the ad. Because of the time and effort it takes on your part and ours to make this

change in a future legislature, we ask that you lower the number now. \$5000 is not out of line with national efforts, some of which set the line at \$1000. A lower contribution amount would not change the number of contributors listed in an ad.

HB 1147 improves campaign spending law in several other ways:

It requires that all campaign spending reports be complete and accurate and be so certified by the chairperson and treasurer.

It requires that non-candidate committee reports and late expenditure reports include both contributions received and contributions made (e.g., to a candidate or other non-candidate committee). This information would allow the tracing of how money flows from one committee to another to influence elections.

It requires that reports of expenditures for advertisements or electioneering communications and any expenditure by a non-candidate committee making only independent expenditures include the names of candidates supported, opposed, or identified. This change is important because a person researching expenditures may not have seen the ad or know what the aim of the organization is.

It amends late expenditure report requirements to include contributions or independent expenditures to be rendered during the last three days prior to an election. At present, an expenditure is reported when it is rendered. However, the last three days before an election are an important period for electioneering activity. Therefore, it better serves the public to include services paid for prior to the last three days, but to be rendered during that period.

It requires that electioneering information reports include the names and titles of the executives or board of directors who authorized the expenditure, if it was made by a non-candidate committee, business entity, or an organization.

We see no problem with the deletion of 11-332 Filing Report by Corporations. It does not eliminate corporate reporting, since they are required to file and meet all requirements as a non-candidate committee.

We strongly encourage you to pass this bill with the amendment suggested.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 26, 2013 10:41 AM
To: FINTestimony
Cc: kshishido02@yahoo.com
Subject: Submitted testimony for HB1147 on Feb 27, 2013 11:30AM

HB1147

Submitted on: 2/26/2013

Testimony for FIN on Feb 27, 2013 11:30AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Karen Shishido	Individual	Support	No

Comments: Aloha Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and members of the House Finance Committee: I support HB1147 HD1, which encourages transparency for PACs and SuperPACs. Over the past three years, the public's understanding of "money in politics" has grown, and the concern about campaign finance is becoming more widespread. This important measure would significantly improve campaign finance disclosure at the state level, and boost transparency in the post-Citizens United era. HB1147 improves reporting for noncandidate committees (PACs and SuperPACs) and electioneering communications, and requires disclosure of top contributors in political advertisements by SuperPACs. With the recent growth of SuperPACs and independent expenditures, more disclosure is urgently needed. States like Maryland, Rhode Island, and Connecticut already have similar legislation in place. This measure would help to renew the public's confidence in our elections process, and public officials. I urge you to pass HB1147 HD1. Thank you for the opportunity to testify. Sincerely, K. Shishido Honolulu

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 26, 2013 11:09 AM
To: FINTestimony
Cc: joseph.heaukulani@gmail.com
Subject: *Submitted testimony for HB1147 on Feb 27, 2013 11:30AM*

HB1147

Submitted on: 2/26/2013

Testimony for FIN on Feb 27, 2013 11:30AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Joseph Heaukulani	Individual	Support	No

Comments:

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HB1147

Submitted on: 2/26/2013

Testimony for FIN on Feb 27, 2013 11:30AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Sue Haglund	Individual	Support	No

Comments: I am in full support of HB1147 HD1, which encourages transparency for PACs and SuperPACs. This important measure would significantly improve campaign finance disclosure at the state level, and boost transparency in the post-Citizens United era. HB1147 improves reporting for noncandidate committees (PACs and SuperPACs) and electioneering communications, and requires disclosure of top contributors in political advertisements by SuperPACs. We must do all we can to improve the way campaign contributions and expenditures are reported to help renew the public's confidence in our elections process, and public officials. I urge you to pass HB1147 HD1. Thank you for the opportunity to testify in support of HB1147 HD1.

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FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 26, 2013 11:10 AM
To: FINTestimony
Cc: margaretwille@mac.com
Subject: Submitted testimony for HB1147 on Feb 27, 2013 11:30AM

HB1147

Submitted on: 2/26/2013

Testimony for FIN on Feb 27, 2013 11:30AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Margaret Wille	Individual	Support	No

Comments: My name is Margaret Wille, a resident of Waimea, County of Hawaii. I successfully ran for the position of Councilmember District 9, Hawaii County Council. My opponent in the Council race was supported by a PAC that spent millions of various election races. In its reports the amounts spent are not separated by candidate and the actual sources from that PAC are unclear. In other words without the more detailed information that would be required by this proposed legislation, the public is uninformed about the key substantive information. Please vote to pass this bill. Margaret Wille County Council District 9 County of Hawaii

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FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 26, 2013 12:56 PM
To: FINTestimony
Cc: truly.joannies@gmail.com
Subject: Submitted testimony for HB1147 on Feb 27, 2013 11:30AM

HB1147

Submitted on: 2/26/2013

Testimony for FIN on Feb 27, 2013 11:30AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Joannie Pan	Individual	Support	No

Comments: Aloha Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and members of the House Finance Committee: I support HB1147 HD1, which encourages transparency for PACs and SuperPACs. This important measure would significantly improve campaign finance disclosure at the state level, and boost transparency in the post-Citizens United era. HB1147 improves reporting for noncandidate committees (PACs and SuperPACs) and electioneering communications, and requires disclosure of top contributors in political advertisements by SuperPACs. We must do all we can to improve the way campaign contributions and expenditures are reported to help renew the public's confidence in our elections process, and public officials. I urge you to pass HB1147 HD1. Thank you for the opportunity to testify in support of HB1147 HD1.

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