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To: The Honorable Sylvia Luke, Chair
and Members of the House Committee on Finance

Date: Thursday, March 27, 2014
Time: 2:00 p.m.
Place: Conference Room 308, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

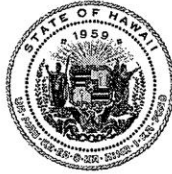
Re: S.B. No. 2118, H.D.1, Relating to Campaign Spending

The Department of Taxation (Department) **supports** the repeal of section 11-424, Hawaii Revised Statutes (HRS), as proposed in section 2 of S.B. 2118, H.D.1. The Department has no comment on the other provisions of the bill.

S.B. 2118, H.D.1 amends section 11-426, Hawaii Revised Statutes (HRS), regarding candidates exceeding voluntary expenditure limit, and repeals section 11-424, HRS, regarding a tax deduction for qualifying contributions.

Section 11-424, HRS, references an income tax deduction formerly available under section 235-7(g)(2), HRS. The tax deduction in section 235-7(g), HRS, was repealed in 2010, and is no longer available. For this reason, the Department supports repealing section 11-424, HRS.

Thank you for the opportunity to provide comments.



**STATE OF HAWAII
OFFICE OF ELECTIONS**

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SCOTT T. NAGO
CHIEF ELECTION OFFICER

TESTIMONY OF THE
CHIEF ELECTION OFFICER, OFFICE OF ELECTIONS
TO THE HOUSE COMMITTEE ON FINANCE
ON SENATE BILL NO. 2118, HD 1
RELATING TO CAMPAIGN SPENDING

March 27, 2014

Chair Luke and members of the House Committee on Finance, thank you for the opportunity to testify in support of Senate Bill No. 2118, HD 1. The purpose of this bill is, in part, to substitute the Office of Elections for the Chief Election Officer, as it relates to who candidates have to notify by telephone and in writing when they exceed the expenditure limit for an election.

We consider the substitution of Chief Election Officer with Office of Elections in HRS § 11-426 to be an appropriate housekeeping matter that is consistent with the statute's present reference to candidates notifying the Campaign Spending Commission, as opposed to its Executive Director, by telephone. Administratively, the Office of Elections will be better able to have staff available to receive these types of calls, as opposed to having to have the Chief Election Officer available at those times.

Thank you for the opportunity to testify in support of Senate Bill No. 2118, HD 1.

KRISTIN E. IZUMI-NITAO
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STATE OF HAWAII
CAMPAIGN SPENDING COMMISSION

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March 25, 2014

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
Campaign Spending Commission

SUBJECT: Testimony on S.B. No. 2118, H.D. 1, Relating to Campaign Spending

Thursday, March 27, 2014
2:00 p.m., Conference Room 308

Thank you for the opportunity to provide comments on this bill. The Campaign Spending Commission ("Commission") supports this bill and urges the Committee to pass the bill, but in its original form as passed by the Senate. This bill will not require an appropriation from the Legislature.

Section 1 of the bill amends HRS §11-426 (Candidate exceeds voluntary expenditure limits) by replacing the chief elections officer with the office of elections in subsection (1) as the person that needs to be notified if a candidate exceeds the expenditure limit. From an operational standpoint, it makes sense to allow candidates to notify the office in general rather than its executive director specifically. In its original form passed by the Senate, the measure would also repeal subsection (3) of §11-426 that requires candidates to notify their contributors of exceeding the expenditure limits because the tax deduction formerly allowed to persons who made contributions to candidates who agreed to abide by expenditure limits was repealed by Act 59, Session Laws of Hawaii (2010).

Section 2 of the bill repeals HRS §11-424 (Tax deduction for qualifying contributions) because the tax deduction, as noted above, was repealed by Act 59.