



HAWAII STATE ETHICS COMMISSION

State of Hawaii • Bishop Square, 1001 Bishop Street, ASB Tower 970 • Honolulu, Hawaii 96813

March 27, 2014

The Honorable, Sylvia Luke, Chair
The Honorable, Scott Y. Nishimoto, Vice Chair
The Honorable Aaron Ling Johanson, Vice Chair
House Committee on Finance
Hawaii State Capitol, Room 306
415 South Beretania Street
Honolulu, Hawaii 96813

Re: **Testimony on S.B. No. 2634, S.D.1, H.D.1, Relating to Lobbyists**

Hearing: March 27, 2014, 2:00 p.m.
State Capitol, Conference Room 308

Testimony From: Hawaii State Ethics Commission

The Honorable Sylvia Luke, Chair; The Honorable Scott Y. Nishimoto, Vice Chair;
The Honorable Aaron Ling Johanson, Vice Chair; and The Honorable Members of the
House Committee on Finance:

Thank you for this opportunity to testify on S.B. No. 2634, S.D.1, H.D.1, Relating to Lobbyists. This bill amends Hawaii Revised Statutes (“HRS”) chapter 97, the Lobbyists Law, to require that lobbying expenditures and contributions statements, which are filed with the State Ethics Commission (“Commission”) by lobbyists and lobbying organizations,¹ contain a categorization of expenditures by dollar amount. The Commission supports S.B. No. 2634, S.D.1, H.D.1.

¹ HRS section 97-3 reads:

§97-3 Contributions and expenditures; statement. (a) The following persons shall file a statement of expenditures with the state ethics commission on March 31, May 31, and January 31 of each year:

- (1) Each lobbyist.
- (2) Each person who spends \$750 or more of the person’s or any other person’s money in any six-month period for the purpose of attempting to influence legislative or administrative action or a ballot issue by communicating or urging others to communicate with public officials; provided that any amounts expended for travel costs, including incidental meals and lodging, shall not be included in the tallying of the \$750.
- (3) Each person who employs or contracts for the services of one or more lobbyists, whether independently or jointly with other persons. If the person is an industry, trade, or professional association, only the association is the employer of the lobbyist.

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Currently, the Lobbyists Law requires only the reporting of total lobbying expenditures and does not require that those expenditures be categorized according to their nature and purpose.² For example, if a lobbying organization spends \$1,000 on a media advertisement and \$500 on a consultant, the lobbying organization is only required to report that it spent a lump sum of \$1,500. This bill would amend the law to require lobbying expenditures to be reported in nine specific categories.

The Commission believes that categorizing lobbying expenditures in this way will provide greater transparency and more meaningful information to the public. Although the Commission's expenditures report forms include a number of categories that filers are asked to use when reporting lobbying expenditures,³ this categorization is not currently required by the Lobbyists Law. The Commission believes that the categorization would assist the public in its understanding of expenditures that are made by lobbyists and lobbying organizations seeking to influence legislative action.

We appreciate the opportunity to testify on S.B. No. 2634, S.D.1, H.D.1, Relating to Lobbyists. We would like to thank the Committee for its consideration of our testimony.

² HRS section 97-3(c)(3) states:

§97-3 Contributions and expenditures; statement. (c) The statement shall contain the following information:

- (3) The total sum or value of all expenditures for the purpose of lobbying made by the person filing the statement during the statement period in excess of \$750 during the statement period. . . .

³ The lobby expenditures and contributions statement requests filers to report expenditures in the following ten categories, which are similar to those provided for in this bill:

1. Preparation and distribution of Lobbying Materials
2. Media Advertising
3. Postage
4. Compensation Paid to Lobbyists
5. Fees Paid to Consultants (Other than to Lobbyists)
6. Entertainment and Events
7. Receptions, Meals, Food and Beverages
8. Gifts
9. Loans
10. Other Disbursements



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COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Scott Y. Nishimoto, Vice Chair; Rep. Aaron Ling Johanson, Vice Chair

Thursday, March 27, 2014; 2:00 PM; Room 308

SB2634 SD1 HD1

Testimony in SUPPORT

Wynnie Hee, LWV-HI Legislative Committee Member

Chair Luke, Vice Chairs Nishimoto and Johanson, and Committee Members:

The League of Women Voters of Hawaii supports policies that increase the public's trust in the ethical operation of our government. We therefore support SB2634 SD1 HD1 which amends Section 97-3, Hawaii Revised Statutes, to require lobbyists to itemize expenditures in specified categories.

Our law currently only requires the lobbyist report to list "total sum or value of all expenditures for the purpose of lobbying." Obviously, total sum or value is not very useful to someone trying to "follow the money" and figure out if money is being used to influence our lawmakers.

SB2634 SD1 HD1 attempts to correct this deficiency by specifying items considered "lobbying materials" and requiring expenditures listed under "other disbursements" to specify the amount, date, purpose, and recipient of the disbursement.

Regrettably, the fact is that even if lobbyists in Hawaii are required to categorize and specify expenditures, almost all Hawaii lobbyists currently report their expenditures as zero, \$0.00. Therefore, there is nothing to be categorized or described.

After the end of the 2013 legislative session and no bill to require more information from lobbyists had been given a hearing, an Associated Press story about Hawaii's almost useless lobbyist reports was published, both in our *Honolulu Star-Advertiser* and on *Yahoo News* on the

Internet. The article was mockingly featured with the headlines: *“Hawaii lobbyist reports say little about influence of money on Hawaii politics; most report \$0”*

AP reporter Anita Hofschneider joked: *“Lobbyist disclosures in Hawaii may be a misnomer — the records don't disclose much.*

“Hardly any individual lobbyists reported spending even \$1 schmoozing Hawaii lawmakers early in the recent legislative session, making it all but impossible for state residents to tell from the filings how special interest groups are affecting state legislators.

“Lobbyists haven't stopped wining and dining elected officials in the Aloha State, but a combination of outdated state laws, wide loopholes and lax oversight has created an environment where disclosure reports say little about how much is money spent, who is spending it and which lawmakers are being courted most often.”

[<http://news.yahoo.com/lobbyist-reports-little-influence-hawaii-150938962.html>]

SB2634 SD1 HD1 is a very small step toward updating our lobbying law. The League of Women Voters of Hawaii urges you to take this step and keep going: *The journey of a thousand miles begins with the first step.* Please PASS SB2634 SD1 HD1.

Thank you for hearing this lobbying disclosure bill and allowing us the opportunity to testify.



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

Thursday 03/27/14 at 02:00PM in Room 308
SB2634 SD1 HD1– Relating to Lobbyists

Testimony of Support
Carmille Lim, Executive Director, Common Cause Hawaii

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

Common Cause Hawaii strongly supports SB2634 SD1 HD1, which requires individuals who spend more than \$750 on lobbying during a statement period to itemize each expenditure in certain categories.

By requiring this, we would increase the level of transparency for lobbyist reporting by giving public more insight as to how lobbyists are spending their resources.

While lobbyists currently are required to file an expenditure report, these forms do not provide enough information to help the public decipher how lobbyists are spending their resources. Similarly, while these expenditure forms do include checkboxes for issue areas a lobbyist is working on, these issue areas are too broad to capture the lobbyists' objectives.

Thank you for the opportunity to testify on SB2634.