

Honolulu, Hawaii

FEBRUARY 15, 2013

RE: H.B. No. 1147
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred H.B. No. 1147 entitled:

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

begs leave to report as follows:

The purpose of this measure is to encourage transparency in the elections process by:

- (1) Requiring noncandidate committees to identify certain top contributors in their advertisements;
- (2) Clarifying that any person, as defined in section 11-302, Hawaii Revised Statutes, who fails to file or files a substantially defective or deficient campaign spending report is subject to monitoring and penalties including fines;
- (3) Requires the Campaign Spending Commission (Commission) to make all reports filed with the Commission publicly available on the Commission's website in a searchable database;
- (4) Amends the contribution and expenditure reporting requirements for candidates, candidate committees, and noncandidate committees, including for noncandidate committees making only independent expenditures, by requiring certification that no expenditure has been



- coordinated with a candidate, candidate committee, or any agent of a candidate or candidate committee;
- (5) Expanding the information required to be included in any statement of information filed with the Commission for electioneering communication expenditures to include:
 - (A) The identity of executives or the board of directors who authorized the expenditure, if the expenditure was made by a noncandidate committee;
 - (B) The names of any clearly identifiable candidates and whether those candidates were supported or opposed; and
 - (C) The identity of certain top contributors;
 - (6) Expanding the definition of "electioneering communication" to include any advertisement that broadcasted or published by electronic means;
 - (7) Amending disclosure requirements for advertisements;
 - (8) Repealing filing requirements specific to corporations; and
 - (9) Requiring the Commission to implement rules consistent with this measure and existing campaign spending laws within three hundred sixty days of this measure's passage, and to report to the Legislature.

Common Cause Hawaii, Life of the Land, Americans for Democratic Action/Hawaii, and several concerned individuals testified in support of this measure. The Department of the Attorney General, Campaign Spending Commission, League of Women Voters of Hawaii, and Internet Alliance provided comments.

Some testifiers raised questions about the applicability of the proposed disclosure of top contributors to advertisements made via text messaging and the Internet. Your Committee believes that the amended reference to advertisements made "by electronic means" sufficiently covers text and internet advertisements.



Your Committee has amended this measure by:

- (1) Decreasing the number of top contributors to be identified in advertisements paid for by a noncandidate committee that only makes independent expenditures from five to three;
- (2) Amending the definition of "top contributor" to mean a contributor who has contributed an aggregate amount of \$10,000 or more to a non-candidate committee within a twelve month period;
- (3) Amending the manner in which notice is required to be included in advertisements paid for by a noncandidate committee that only makes independent expenditures to account for committees with fewer than three, or no, top contributors;
- (4) Deleting language detailing the type of searchable database to be maintained by the Commission;
- (5) Deleting the mandate that the Commission adopt, amend, or repeal rules within the next three hundred sixty days, and report to the Legislature; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1147, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1147, H.D. 1, and be referred to the Committee on Finance.

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



KARL RHOADS, Chair



