

Honolulu, Hawaii  
February 18, 2016

RE: H.B. No. 1954

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred H.B. No. 1954 entitled:

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

begs leave to report as follows:

The purpose of this measure is to prohibit all anonymous campaign contributions by repealing the exemption for anonymous amounts that aggregate to less than \$100 that are received from ten or more persons at the same political function.

The Campaign Spending Commission testified in support of this measure. The Department of the Attorney General provided comments.

Hawaii's contribution and expenditure reporting and disclosure regulations serve important interests in the context of reporting and disclosure requirements: providing the electorate with information, deterring actual corruption and avoiding any appearance thereof, and gathering the data necessary to enforce more substantive electioneering restrictions. Eliminating anonymous contributions and expenditures is an important step in ensuring accurate calculations and proper enforcement of reporting and disclosure requirements. Many reporting and disclosure requirements rely on aggregate monetary totals of contributions and expenditures. It is impossible to accurately calculate aggregate monetary totals of contributions and expenditures if anonymous contributions and expenditures are allowed.



Accurately calculating aggregate monetary totals of contributions and expenditures is necessary for compliance with reporting and disclosure obligations that in turn provide information to the electorate about who is speaking, information that "is vital to the efficient functioning of the marketplace of ideas, and thus to advancing the democratic objectives underlying the First Amendment." *See, McCutcheon v. Federal Election Comm'n* 134 S. Ct. 1434, 1459-60 (2014). "This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages." *See, Citizens United v. Federal Election Comm'n* 558 U.S. 310, 371, 130 S. Ct. 876, 916, 175 L. Ed. 2d 753 (2010).

Hawaii's contribution and expenditure reporting and disclosure obligations deter actual corruption and avoid the appearance of corruption by exposing the source of contributions and expenditures to the public. Anonymous cash contributions and expenditures create the appearance of corruption. Eliminating anonymous contributions and expenditures is an important step in deterring actual corruption by individuals attempting to circumvent contribution limitations.

The registration, record keeping, reporting, and disclosure requirements provide a means of detecting violations of valid contribution limitations preventing circumvention of Hawaii's campaign spending limitations, including rules that bar contributions by foreign corporations or individuals. Eliminating anonymous contributions and expenditures is an important step in ensuring compliance with reporting and disclosure requirements.

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. 1954 and recommends that it pass Second Reading and be referred to your Committee on Finance.

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



KARL RHOADS, Chair



