

STAND. COM. REP. NO. 3136

Honolulu, Hawaii

MAR 24 2016

RE: H.B. No. 2156
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred
H.B. No. 2156, H.D. 2, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Repeal the language that allows a candidate, treasurer, or candidate committee to use campaign funds to purchase no more than two tickets for each event held by another candidate or committee;
- (2) Allow a candidate, treasurer, or candidate committee to use campaign funds to make contributions to any candidate committee up to certain amounts;
- (3) Limit the amount of campaign funds that may be spent by an elected official on memberships in civic or community groups or for protocol gifts in connection with the candidate's duties as a holder of an office to twice the allowable individual contribution amount;
- (4) Create an exception under the law relating to prohibited uses of campaign funds for certain permitted campaign fund uses enumerated under section 11-381, Hawaii Revised Statutes (HRS);



- (5) Repeal the language that allows monies in the Hawaii election campaign fund to be used for the operating expenses of the Campaign Spending Commission;
- (6) Designate an unspecified amount as excess of the requirements of the campaign spending trust fund and authorize the Director of Finance to transfer an unspecified amount from the campaign spending trust fund to the general fund; and
- (7) Appropriate an unspecified amount to the Campaign Spending Commission for operating expenses.

Your Committee received testimony in support of this measure from one individual. Your Committee received testimony in opposition to this measure from the Department of Accounting and General Services, League of Women Voters of Hawaii, Common Cause Hawaii, and six individuals. Your Committee received comments on this measure from the Campaign Spending Commission.

Your Committee finds that this measure provides additional permitted purposes for the use of campaign funds and appropriates funds for the operating expenses of the Campaign Spending Commission.

Your Committee notes the concerns raised in written testimony that allowing a candidate, treasurer, or candidate committee to use campaign funds to make contributions to any candidate committee up to certain amounts may be construed as a form of vote buying or buying influence. Persons who contribute to an election campaign generally believe that they are helping to elect a specific candidate, not allowing that candidate to donate contributed dollars to another candidate.

Your Committee further notes that candidates often are required to pay for memberships in civic or community groups or protocol gifts in connection with the candidate's duties as a holder of an office. However, these elected officials may not be provided an allowance or budget for these types of expenses, and may be required to pay for these expenses out of their own pockets even though these expenses are in connection with the elected official's duties. Your Committee notes the concerns raised in written testimony that the language in this measure may result in raising, rather than limiting, the current amount that an elected



official may spend from campaign funds for civic or community group memberships and protocol gifts.

Your Committee notes and appreciates the discussion during the hearing on this measure with the Executive Director of the Campaign Spending Commission during which your Committee expressed concerns regarding the use of campaign funds when the candidate withdraws or ceases to be a candidate for the election because of death, disqualification, or other reasons. Existing law requires the candidate committee or candidate to return the residual funds to the contributors no later than ninety days after the candidate ceases to be a candidate. Any funds not returned to contributors escheats to the Hawaii election campaign fund. Your Committee believes that additional options should be provided to the candidate committee in the event of a candidate's death. Lastly, your Committee also raised concerns that donations to private schools are not specifically permitted under section 11-381(a)(4), HRS.

Accordingly, your Committee has amended this measure by:

- (1) Adding private schools as entities to which donations up to certain amounts may be made using campaign funds;
- (2) Deleting language that would have allowed a candidate, treasurer, or candidate committee to use campaign funds to make contributions to any candidate committee up to certain amounts;
- (3) Reinstating language that allows a candidate, treasurer, or candidate committee to use campaign funds to purchase no more than two tickets for each event held by another candidate or committee;
- (4) Deleting language that would have limited the amount of campaign funds for civic or community organization memberships and protocol gifts to twice the allowable individual contribution amount and clarifying that these types of incurred expenses are included as ordinary and necessary expenses incurred in connection with the candidate's duties as a holder of office;
- (5) Deleting language that would have created an exception under the law relating to prohibited uses of campaign funds;



- (6) Adding language that amends section 11-384, HRS, to allow the candidate committee of a candidate who ceases to be a candidate because of the death of the candidate to use campaign funds to make donations to certain types of organizations, return the residual funds to the contributors, or both, within a ninety-day period, and requiring any campaign funds not donated or returned to contributors to escheat to the Hawaii election campaign fund; and
- (7) Inserting \$495,506 as the amount in excess of the requirements of the campaign spending trust fund, amount authorized for transfer to the general fund, and amount appropriated for the operating expenses of the Campaign Spending Commission.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2156, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2156, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

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



GILBERT S.C. KEITH-ASARAN, Chair



