

Honolulu, Hawaii

March 27, 2015

RE: S.B. No. 1344  
S.D. 1  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 1344, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to assure meaningful disclosure of the source of campaign funding by requiring noncandidate committees to provide, for contributions in excess of \$10,000 in the aggregate since the last election received from other than an individual, for-profit business entity, or labor union, either:

- (1) The internet address where the contributing entity's disclosure report may be publicly accessed;
- (2) The name, address, occupation, and employer of each funding source of \$100 or more to that contributing entity; or
- (3) An acknowledgment that the contributing entity is not subject to any state or federal disclosure requirements regarding the source of the contributing entity's funds.

The League of Women Voters of Hawaii and a Hawaii County Council Member from District 4 supported this measure. The



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Department of the Attorney General supported the intent of this measure. The Campaign Spending Commission provided comments.

Your Committee finds that additional disclosure of information regarding election campaign contributions is necessary due to the decision of *Citizens United v. Federal Election Commission*, 558 U.S. 310 (2010), and subsequent case law. These decisions have led to the proliferation of SuperPACs, which are noncandidate committees that make only independent expenditures, and their virtually unlimited spending in the political arena. Hawaii's experience in the election cycles since *Citizens United* has been as predicted: numerous SuperPACs have been formed, enormous amounts of money have been expended, and many of the true contributors remain hidden from the public.

While *Citizens United* assumed meaningful disclosure so that "the electorate [can] make informed decisions and give proper weight to different speakers and messages," Hawaii's disclosure requirements for SuperPACs are inadequate to provide the electorate with information showing the true source of the funds behind efforts seeking to influence their vote. The contribution trail is obscured because current law requires only that the name of the first level of contributor to a SuperPAC be reported on filings with the Hawaii Campaign Spending Commission. Often the first level of contributor is another SuperPAC and as the names of SuperPACs are frequently meaningless or misleading, disclosure laws aimed at transparency are circumvented. For example, in the 2014 election cycle, contributions totaling around \$8,000,000 were received by twenty-nine SuperPACs registered in Hawaii. Two of the top ten SuperPACs in Hawaii received contributions solely from other SuperPACs, which included a \$2.2 million contribution from an entity that is not required to report in Hawaii. Also, three of the top ten SuperPACs in Hawaii were registered at the same address, made contributions amongst each other, and the origin of their funds are entities with unknown contributors.

Your Committee finds that the State's campaign finance laws must be amended in order to increase transparency and accountability, deter corruption, and strengthen confidence in the election process by providing public access to information about who is the true source of campaign contributions made to or by SuperPACs. This measure seeks to accomplish those goals by requiring SuperPACs to provide, for large contributions received from entities other than individuals, for-profit business entities, or labor unions, the internet addresses where those entities' disclosure reports can be accessed, or alternatively



provide the name, address, occupation, and employer of each funding source to those entities or state that those entities are not subject to any state or federal disclosure reporting requirements.

Your Committee has amended this measure by:

- (1) Changing its effective date to January 1, 2016; and
- (2) Making technical, nonsubstantive amendments for the purposes of 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 S.B. No. 1344, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1344, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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



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KARL RHOADS, Chair



