

February 17, 2015

TO: The Honorable Karl Rhoads, Chair
House Committee on Judiciary

The Honorable Joy A. San Buenaventura, Vice Chair
House Committee on Judiciary

Members of the House Committee on Judiciary

FROM: Kristin Izumi-Nitao, Executive Director
Campaign Spending Commission

SUBJECT: **Testimony on H.B. No. 1183, Relating to Campaign Spending**

Thursday, February 19, 2015
2:00 p.m., Conference Room 325

Thank you for the opportunity to testify on this bill. The Campaign Spending Commission (“Commission”) supports the intent of this bill that would establish comprehensive public funding of candidates for the Senate and House of Representatives. However, to be feasible, the Legislature must appropriate sufficient funds to implement the program, including the amount needed to publicly finance the candidates and the added personnel expense to the Commission to administer the program.

In section 1 of the bill, proposed §11-E(a), at page 8, requires a candidate seeking certification for public funding to submit an application to the Commission that “contains at least two hundred printed qualifying names with addresses and signatures, of which at least two hundred fifty shall be accompanied by a qualifying contribution of \$5, in the same name.” This proposed subsection should be amended to state that that the application “contains at least **two hundred fifty** printed qualifying names with addresses and signatures, of which at least **two hundred** shall be accompanied by a qualifying contribution of \$5, in the same name.”

Proposed §11-F, at page 9, requires the Commission, in coordination with the county clerks, to verify all of the signatures. The measure requires the Commission to issue a final decision to certify or deny certification of a candidate within ten (10) business days following receipt of the candidate’s application. The Commission would require an appropriation in 2015 to properly staff its office to take on the enlarged duties imposed by the measure. The Commission roughly estimates that it would need two seasonal employees¹ if one candidate in

¹ The Commission estimates that the seasonal workers will be needed from mid-November 2015 through the end of July in 2016. A candidate can collect qualifying names and contributions only after the candidate files a declaration of intent to seek public funding. The first day that a candidate can file a declaration of intent is December 1, 2015, so applications for certifications will come after that date. The mid-November start date allows for training of the seasonal hires

each Senate and House district applied for certification for public funding. The Commission has learned that the Office of Elections paid its seasonal clerical employees an hourly rate of \$9.60 in 2014. Further, we would advise that the county clerks and the Comptroller be consulted with respect to the time and manpower the counties would expend in verifying the qualifying names and with respect to the Comptroller, the turn-around time to distribute the public funds.

Proposed §11-G, at page 10, increases dramatically² the maximum amount of public funds available to candidates for seats in the Senate and the House of Representatives. Using expenditure data from the 2014 election, the maximum amount of public funds available for a candidate in the Senate will be \$57,807.36, and for a candidate for the House will be \$42,648.02. Assuming thirteen Senate districts and all fifty-one House districts have one candidate receiving public funding in the 2016 election under this proposed amendment, the maximum amount of public funding available will be \$2,926,544.61. Assuming thirteen Senate districts and all fifty-one House districts have two candidates receiving public funding under this proposed amendment, the maximum amount of public funding available will be \$5,853,089.23. Considering that the balance of the Hawaii Election Campaign Fund was \$2,171,185 as of December 31, 2014, the proposed amendments will require an appropriation from the Legislature in 2015 to the Hawaii Election Campaign Fund (“HECF”) to pay for the anticipated dramatic increase in public funding for certified candidates in 2016, should this measure pass. To be on the safe side, when deciding on the amount of the appropriation, this committee should assume that there will be at least one candidate seeking public funds under this measure in each of the thirteen Senate districts and fifty-one state House districts in 2016.

Proposed §11-P, beginning on page 22 of the measure, requires that the HECF has a minimum balance of \$3,500,000 on July 1 of each odd-numbered year before a general election, to certify candidates and to provide comprehensive public funding for candidates in Senate and House races. As of December 31, 2014, as mentioned above, the HECF’s balance was **\$2,171,185**. Thus, unless the Legislature provides funding for this program and other Commission expenses such as proper staffing, this proposed comprehensive public funding program will not be implemented in 2016.

before the applications for certification start to come in. The last day a candidate can file an application is July 13, 2016, thirty days before the primary election, so the July 31, 2016 end date allows for the processing of applications filed on or near the deadline.

² In the 2014 election period, ten house candidates received public funding under the partial public financing program. The candidate that received the greatest amount of public funds received \$4,320. Of the ten candidates, only two of them won election to office and they were challengers to incumbents. In the 2010 election period, ten house candidates also received public funding under the partial public financing program. The candidate that received the greatest amount of public funds received \$2,186. Of the ten candidates, two (an incumbent and a challenger) won election to office. The Commission is certain that the significantly higher amount of public funding available under this measure will attract far more house and senate candidates to seek certification.



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MAILING ADDRESS

PO. Box 23404
Honolulu
Hawai'i 96823

February 13, 2015

Chair Rhoads and Judiciary Committee

Re: HB 1183 Relating to Campaign Spending.
Hearing on Feb. 19, 2105

Dear Rep. Rhoads and Committee Members:

Americans for Democratic Action is an organization devoted to the promotion of progressive public policies.

We support HB 1183 to create program for comprehensive public funding of candidates for the offices of state senator and representative. Money corrupts. We do not believe it is speech. Comprehensive public funding is a way to level the playing field. It is a way to relieve elected officials of spending a lot of their time raising money. The more we can get politicians off of fund-raising and on to the public's business in the public's interest the better. This is a great step forward. We have had the pilot on the Big Island. The time has now come to expand this pilot program to cover the entire legislature.

Thank you for your consideration.

Sincerely,

John Bickel
President

THE LIBERTARIAN PARTY OF HAWAII
C/O 1658 LIHOLIHO ST #205
HONOLULU, HI 96822

TESTIMONY

February 13, 2015

RE: **HB 1183** to be heard Thursday February 19, 2015 at 2PM, in Conference Room 325

To the members of the House Committee on Judiciary

OPPOSE

We would be interested in supporting a bill that did not have the **obvious problems** this one does. First it fails to create a neutral fund that would free candidates from outside influence. This is due to the ill-conceived qualifying process as defined in section 11-E. It set ups a situation where a large membership organization can identify 250 members in a legislative district and have them make \$5 donations to supported candidates. For this \$1250 sacrifice they now get tens of thousands of dollars in tax money. The unions are certain to use this to their advantage. Such candidates can never be neutral or objective. Anyone who thinks it is easy to find 250 donors on their own hasn't tried. It could take six months of hard work. We have a qualifying process in Hawaii law now that should be the basis for any improved funding scheme.

The second problem is that it is to be funded through involuntary taxes. This plan has been rejected either by voters or courts everywhere it has been put forward except for one remaining state. Why not allow voluntary donations to support the fund. This could be easily done and would increase the funding from the current \$300,000 or so from the N-11 check-off to several million dollars.

We suggest the committee address these problems by gutting the contents of this bill and replacing them with the amended language we have attached. By doing so you can get a bill passed this session that will not cost the general fund a dime, will allow the Campaign Spending Commission to have far more money to give to qualified candidates, will use a qualification procedure that is less likely to become the tool of interest groups, and will make application fair to all candidates, and finally will dramatically increase the amounts of money available to qualifying candidates.

The Libertarian Party has a vested interest in creating a fair and open electoral process. We have circulated our ideas about how that could be achieved. It would be nice if discussions included all the political parties in areas that effect election and campaign finance.

Tracy Ryan
Chair

HB 1183 as amended

Section 235-102.5 (a) shall be repealed and replaced by a new subsection in section 235 to be designated voluntary contribution to the Hawaii election campaign fund. Subsection 11-421 (1) shall be duly amended to reflect this change. The new subsection shall read as follows:

235-Voluntary contributions to Hawaii election campaign fund authorized. (a) A line item shall be added to all Hawaii income tax returns fillable by individuals, both resident and non-resident, trusts, partnerships, and corporations asking if they would like to make a voluntary contribution to the Hawaii election campaign fund.

(b) The line item shall appear after the final line for calculation of tax due or refund with an explanation that the donation will add to a balance due, diminish a refund or turn a refund into a balance due depending on the amount donated.

c.) All funds so collected shall be duly turned over to the Hawaii election campaign fund.

~~**§235-102.5 Income check-off authorized.** (a) Any individual whose state income tax liability for any taxable year is \$3 or more may designate \$3 of the liability to be paid over to the Hawaii election campaign fund, any other law to the contrary notwithstanding, when submitting a state income tax return to the department. In the case of a joint return of a husband and wife having a state income tax liability of \$6 or more, each spouse may designate that \$3 be paid to the fund. The director of taxation shall revise the individual state income tax form to allow the designation of contributions to the fund on the face of the tax return and immediately above the signature lines. An explanation shall be included which clearly states that the check-off does not constitute an additional tax liability. If no designation was made on the original tax return when filed, a designation may be made by the individual on an amended return filed within twenty months and ten days after the due date for the original return for such taxable year. A designation once made whether by an original or amended return may not be revoked.~~

The voluntary expenditure limits placed on candidates for the legislature shall be increased by 50%.

§11-423 Voluntary expenditure limits; filing affidavit. (a) Any candidate may voluntarily agree to limit the candidate's

expenditures and those of the candidate's candidate committee or committees and the candidate's party on the candidate's behalf by filing an affidavit with the campaign spending commission.

(b) The affidavit shall state that the candidate knows the voluntary campaign expenditure limitations as set out in this part and that the candidate is voluntarily agreeing to limit the candidate's expenditures and those made on the candidate's behalf by the amount set by law. The affidavit shall be subscribed to by the candidate and notarized and filed no later than the time of filing nomination papers with the chief election officer or county clerk.

(c) The affidavit shall remain effective until the termination of the candidate committee or the opening of filing of nomination papers for the next succeeding election, whichever occurs first. An affidavit filed under this section may not be rescinded.

(d) From January 1 of the year of any primary, special, or general election, the aggregate expenditures for each election by a candidate who voluntarily agrees to limit campaign expenditures, inclusive of all expenditures made or authorized by the candidate alone, all treasurers, the candidate committee, and noncandidate committees on the candidate's behalf, shall not exceed the following amounts expressed, respectively multiplied by the number of voters in the last preceding general election registered to vote in each respective voting district:

- (1) For the office of governor - \$2.50;
- (2) For the office of lieutenant governor - \$1.40;
- (3) For the office of mayor - \$2.00;
- (4) For the offices of state senator, state representative, county council member, and prosecuting attorney - ~~\$1.40~~; (\$2.10) and
- (5) For all other offices - 20 cents. [L 2010, c 211, pt of \$2; am L 2011, c 5, §5; am L 2013, c 63, §1]

The maximum amount of public funds available to candidate shall increase.

§11-425 Maximum amount of public funds available to candidate. (a) The maximum amount of public funds available in each election to a candidate for the office of governor, lieutenant governor, or mayor shall not exceed ~~ten~~—(twenty)—per cent of the expenditure limit established in section 11-423(d) for each election.

(b) The maximum amount of public funds available in each election to a candidate for the office of state senator, state representative, county council member, and prosecuting attorney

shall not exceed ~~fifteen~~ (sixty) per cent of the expenditure limit established in section 11-423(d) for each election.

(c) For the office of Hawaiian affairs, the maximum amount of public funds available to a candidate shall not exceed \$1,500 in any election year.

(d) For all other offices, the maximum amount of public funds available to a candidate shall not exceed \$100 in any election year.

(e) Each candidate who qualified for the maximum amount of public funding in any primary election and who is a candidate for a subsequent general election shall apply with the commission to be qualified to receive the maximum amount of public funds as provided in this section for the respective general election. For purposes of this section, "qualified" means meeting the qualifying campaign contribution requirements of section 11-429. [L 2010, c 211, pt of §2; am L 2011, c 5, §6]

The qualifying donation for matching funds shall be raised by \$100 and a new eligibility requirement barring corporate or PAC money will be added.

[\$11-428] Eligibility requirements for public funds. In order to be eligible to receive public funds for an election, a candidate shall certify that the candidate will meet all the following requirements:

- (1) The candidate and any candidate committee authorized by the candidate shall not incur campaign expenses in excess of the expenditure limitations imposed by section 11-423;
- (2) The candidate has qualified to be on the election ballot in a primary or general election;
- (3) The candidate has filed a statement of intent to seek qualifying contributions. A contribution received before the filing of a statement of intent to seek public funds shall not be considered a qualifying contribution;
- (4) The candidate or candidate committee authorized by the candidate has received the minimum qualifying contribution amounts for the office sought by the candidate as set forth in section 11-429;
- (5) The aggregate of contributions certified with respect to any person under paragraph (4) does not exceed ~~\$100;~~ (\$200)
- (6) The candidate agrees to obtain and furnish any evidence relating to expenditures that the commission may request;
- (7) The candidate agrees to keep and furnish records, books, and other information that the commission may request;
- (8) The candidate agrees to an audit and examination by the commission pursuant to section 11-434 and to pay any amounts required to be paid pursuant to that section; and

- (9) Each candidate and candidate committee in receipt of qualifying contributions that may be taken into account for purposes of public funding shall maintain, on a form prescribed by the commission, records that show the date and amount of each qualifying contribution and the full name and mailing address of the person making the contribution. The candidate and the candidate committee authorized by the candidate shall transmit to the commission all reports with respect to these contributions that the commission may require. [L 2010, c 211, pt of §2]
- (10) No candidate receiving public funds may accept campaign contributions from other than a natural person. They may not take money from any political action committee, corporation, or partnership or business account, unless such business shall be a sole proprietorship. They may not accept money from a trust that is not a revocable living trust. Any such money must be promptly returned to the donor.
- (11) No qualify contribution under the \$200 limit shall be from a non Hawaii resident. Residents of Hawaii, including military personal who may be legal residents of another state, but do not vote here are includable as "residents" under this section.

The matching of funds shall be increased from a one to one match to a three to one match. The raising of funds prior to the primary for the general election may be used for a general election matching fund application.

[\$11-429] Minimum qualifying contribution amounts; qualifying contribution statement. (a) As a condition of receiving public funds for a primary or general election, a candidate shall not be unopposed in any election for which public funds are sought, shall have filed an affidavit with the commission pursuant to section 11-423 to voluntarily limit the candidate's campaign expenditures, and shall be in receipt of the following sum of qualifying contributions from individual residents of Hawaii:

- (1) For the office of governor – qualifying contributions that in the aggregate exceed \$100,000;
- (2) For the office of lieutenant governor – qualifying contributions that in the aggregate exceed \$50,000;
- (3) For the office of mayor for each respective county:
 - (A) County of Honolulu – qualifying contributions that in the aggregate exceed \$50,000;
 - (B) County of Hawaii – qualifying contributions that in the aggregate exceed \$15,000;

- (C) County of Maui – qualifying contributions that in the aggregate exceed \$10,000; and
 - (D) County of Kauai – qualifying contributions that in the aggregate exceed \$5,000;
- (4) For the office of prosecuting attorney for each respective county:
- (A) County of Honolulu – qualifying contributions that in the aggregate exceed \$30,000;
 - (B) County of Hawaii – qualifying contributions that in the aggregate exceed \$10,000; and
 - (C) County of Kauai – qualifying contributions that in the aggregate exceed \$5,000;
- (5) For the office of county council – for each respective county:
- (A) County of Honolulu – qualifying contributions that in the aggregate exceed \$5,000;
 - (B) County of Hawaii – qualifying contributions that in the aggregate exceed \$1,500;
 - (C) County of Maui – qualifying contributions that in the aggregate exceed \$5,000; and
 - (D) County of Kauai – qualifying contributions that in the aggregate exceed \$3,000;
- (6) For the office of state senator – qualifying contributions that, in the aggregate exceed \$2,500;
- (7) For the office of state representative – qualifying contributions that, in the aggregate, exceed \$1,500;
- (8) For the office of Hawaiian affairs – qualifying contributions that, in the aggregate, exceed \$1,500; and
- (9) For all other offices, qualifying contributions that, in the aggregate, exceed \$500.
- (b) A candidate shall obtain the minimum qualifying contribution amount set forth in subsection (a) once for the election period.
- (1) If the candidate obtains the minimum qualifying contribution amount, the candidate is eligible to receive:
- (A) The minimum payment in an amount equal to ~~the~~ (triple) minimum qualifying contribution amounts; and
 - (B) Payments of ~~\$1~~ (\$3) for each \$1 of qualifying contributions in excess of the minimum qualifying contribution amounts; and
- (2) A candidate shall have at least one other qualified candidate as an opponent for the primary or general election to receive public funds ~~for that election~~. (qualified donations received by a candidate with no primary opponent but with a general election opponent prior to the primary election shall be includable in the matching fund calculation.)

(c) The candidate shall not receive more than the maximum amount of public funds available to a candidate pursuant to section 11-425; provided that the candidate shall not receive public funds for a primary election if the candidate does not obtain the minimum qualifying contribution amounts before the date of the primary election. [L 2010, c 211, pt of §2]

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COMMITTEE ON JUDICIARY

Thursday February 19, 2015, 2 p.m. Room 325
HB1183 RELATED TO CAMPAIGN SPENDING
TESTIMONY
Beppie Shapiro, League of Women Voters of Hawaii

Chair Rhoads, Vice-Chair Buenaventura, and Committee Members:

The League of Women Voters of Hawaii strongly supports the intent of HB1183, which proposes full public funding for candidates for the office of State Senator and State Representative. We have several suggestions for clarifications and modifications which we believe should be incorporated in any measure proposing the intended changes.

The League of Women Voters, both nationally and in Hawai'i, has long recognized the importance of reining in the reliance of political election campaigns on major contributions from private organizations and a small number of very wealthy individuals. A large share of the general public has become concerned about this problem following the SCOTUS decision in Citizens United. In Hawai'i, the most recent election cycle demonstrated the unbalanced campaign contributions, including many from outside the State, which many citizens fear distorts election results and even the policy decisions of elected officials compared to an election system in which each citizen's vote would have equal weight in determining election results and equal access to elected officials. In addition, the really distressing amount of time candidates, and those elected, have to spend "chasing campaign dollars", distracts from a rational attention to issues and constituents' interests.

For these reasons the intent of HB1183, to create a system of fully publicly funded elections, is not only appealing but seems indeed critically important. We are grateful that legislators have taken to heart the success of Act 244, the pilot study of public funding on Hawai'i Island.

As we read HB1183, we want to draw your attention to a list of considerations which the League believes are important for any effort to create such a system. For convenience we note where possible the sections of HB1183 most closely related:

1. Section 11 E a). The number of signatures and contributions should be proportional to the population of electoral districts. If possible, a more convenient way for residents of a candidate's district to show financial support should be incorporated, given that very many



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people no longer use paper checks, and money orders are very inconvenient. More and more, people will be using their phones to transfer money electronically.

2. Section 11-G c). "Near depletion" is too vague to describe legislative intent. We think either a specific dollar amount, or a more complex calculation based on expected costs of public funding in a particular election cycle, would be much clearer.
3. Section 3 c) permits use of Election Campaign fund for CSC operating expenses. This use distorts the purpose of the HECF as presented to taxpayers on their income tax forms. It is inappropriate to fund operating expenses for a state agency or office from voluntary contributions. The General Fund should pay operating expenses for the CSC, which virtually everyone recognizes serves a critical function in ensuring accountability and transparency in the election process.
4. Section 11-J f) provides that no public funds will be provided to certified candidates if they are unopposed in the General Election. Certified candidates unopposed in the primary are still, however, allowed to receive public funds. The League believes the intent of this is to allow the unopposed primary candidate to build name and issue recognition during the whole electoral season, just as primary candidates who are opposed can. This distinction between unopposed primary and general funding has been confusing to some readers; it would be helpful in this and other unclear sections to describe the specific rationale for the distinction, in the introduction to the bill at least.
5. Section 4 d) 5) which excludes House and Senate candidates from limitation of expenditures to specific amounts per voter, is one paragraph which unfortunately dismantles the partial public funding option for House and Senate races. It is very important to keep in place and even improve the partial public funding option for the likely event that, at least initially, the HECF will not be able to support full public funding for all certified candidates.

The following comments are not tied to specific sections of HB 1183:

- 1) The primary problem with this measure is that it is too ambitious for the near term. Without significant investment of General Funds into the HECF (and of course using General Funds for operating expenses of the CSC), there is no way the HECF will be able to support full public funding for both House and Senate races. We believe there are several more reasonable and conservative ways to initiate full public funding, e.g. for only one Legislative House, or for House and Senate seats in only one County. Such a measure would allow the CSC to develop procedures and evaluate the



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effectiveness of enabling legislation and its procedures before expanding full public funding (which the League supports whole heartedly).

- 2) As usual, indexing any specific dollar amount specifications to future changes in the annual CPI, will make it less likely that inflation will render a public funding program insufficient to attract, meaningfully certify, and fund candidates.

We urge you to carefully consider this testimony and others you are receiving on HB1183. Thank you for considering this forward-looking measure, and for the opportunity to submit testimony.

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Polk	Individual	Support	No

Comments: I urge the committee to pass HB1183, which would create a program of public funding of candidates for the state legislature. Public funding allows legislators to spend time with constituents, rather than spending time seeking funds. It also allows individuals who do not have access to funds, but do have support in their community, to run for office. The test of public funding on the Big Island showed that both incumbents and challengers benefited from access to public funds, with neither having a particular advantage due to public funding. I would urge that you consider amending the bill by setting different levels of qualifying donations for candidates for Senate and for House, since Senate districts are roughly twice as big as are House districts. An appropriate number of qualifying donations for the Senate might be 300 or 350. I would also urge that you delete the wording on p23, lines 20-21 that allows money in the Election Campaign Fund to be used to pay for staff and expenses of the Campaign Spending Commission. Taxpayers are led to believe that the check off on their tax forms will go toward public funding, not support an on-going state agency. In addition, this wording has nothing to do with the first part of the sentence, which deals with how candidates receive money. Finally, I am concerned that deleting the partial public funding program for legislative candidates may create problems if there is not enough money for full public funding, but there is enough for partial public funding. Legislative candidates would not then have this option. I suggest that partial public funding be retained, with an addition saying that this option is not open if full public funding is available. I believe this is an important bill that will help overcome the widespread public perception that many legislators pay much more attention to prospective large donors than they do to their constituents. I urge you to pass HB 1183, with or without the amendments I have suggested.

Submitted By	Organization	Testifier Position	Present at Hearing
Will Best	Individual	Support	No

Comments:

Submitted By	Organization	Testifier Position	Present at Hearing
Jesse Owens, Ph. D.	Individual	Support	No

Comments: Aloha Committee Members, Please pass this bill - publicly funded elections are critical for good government. Additionally, the Campaign Finance Commission should be funded out of the general fund. Mahalo.

Noelie Rodriguez, Ph.D.
P.O. Box 5
Ninole, HI 96773

February 17, 2015

Testimony in Support of HB1183

Chair Karl Rhoads and Members of the House Judiciary Committee:

This testimony is in enthusiastic support of HB1183. Nothing threatens our democracy more than the unchecked influence of big money on government. Especially at a national level, we've seen the financiers and fat cats stifle reforms that would help the majority of Americans. Given the perverse views of the U.S. Supreme Court on this subject, public campaign funding is one of the few remaining options to help good candidates compete and succeed without relying on large special interest donations.

The basic approach of HB1183—to provide adequate public funding for candidates who prove popular grass-roots support by gathering large numbers of small donations, and who then forgo any other private funding—has been tried successfully in several states, and also in the Big Island council elections in 2010 and 2012. Act 244, SLH 2008 established the Big Island “pilot program”. In 2012, five of the nine successful council candidates used this “clean elections” program, running without private donations. Unsuccessful candidates used the program too. Unfortunately, the program terminated before the planned three election cycles because the election fund fell below the \$3.5 million threshold, but it remains a local example that should inspire efforts such as HB1183.

Besides passing HB1183 or something like it, the Legislature must do two more things to make public campaign financing a successful option. First, it must fully fund the operating expenses of the Campaign Spending Commission from the general fund of the state rather than forcing it to deplete the election fund. Second, after years of being drawn down to support the CSC, the election fund will need an infusion of cash to be able to fund a program like HB1183.

Yours truly,

Noelie Rodriguez

Chris Yuen
P.O. Box 5
Ninole, HI 96773

February 17, 2015

Re: Testimony Supporting HB1183

Rep. Karl Rhoads and Members of House Judiciary Committee:

Please pass HB1183. We have a dilemma: to be elected, candidates must get their message out, and this takes money—media, yard signs, brochures, websites. To raise the kinds of money it takes to compete successfully, candidates cultivate large donors, who may have their own agendas and who may, at some point, seek a return on their investment that is contrary to the interests of the general public.

HB1183 provides one possible solution: comprehensive public financing, where a candidate can receive enough money to run a competitive campaign by receiving large numbers of small donations.

There are a number of parameters in HB1183 that can be tweaked in the legislative process, but at this point I would suggest a couple of slight technical changes:

--the reference to obtaining 200 signatures and 250 donations in sec. 11-E(a) seems to be an error. The requirement should just be for X number of donations, probably more for a Senate race than a House race because of the larger size of the district. If the donors must be from the district, I would not require more than 200 for a House district.

--there has to be some minimum amount in the election fund for the program to run (candidates will want to plan ahead whether or not to use the program), but HB1183 doesn't have a good mechanism. The \$3.5 million figure in sec. 11-P would mean that the program wouldn't run in 2016 because the election fund is already below \$3.5 million, unless the Legislature (as it should) provides significant additional funding for this specific program.

Finally, the Legislature should fund the ordinary operating expenses of the Campaign Spending Commission from the state's general fund, rather than the CSC continuing to draw down the election fund for this purpose. The CSC provides an essential service like other regulatory bodies that are funded by legislative appropriations.

Yours truly,

Chris Yuen

Submitted By	Organization	Testifier Position	Present at Hearing
christine trecker	Individual	Support	Yes

Comments: There is growing non-partisan support nationwide for publicly funded campaign programs as a way to help ensure clean elections and a government more responsive to its voters. Hawaii is leading the way as one of few states that already has a program of public campaign funding. Now it's time to make it work better! HB1183 calls for a more effective, comprehensive program that is adequately funded. While the language in this bill may need fine-tuning, it is a hugely important step toward voter owned elections

Committee on Judiciary

Thursday, February 19, 2015, 2:00 p.m., Conference Room 325

HB1183, Relating to Campaign Spending

Creating a program for comprehensive public funding of candidates for the offices of state senate and house of representatives, repeals the partial funding program for those offices, and appropriates funds to Campaign Spending Commission to prepare for comprehensive public funding in 2016, including staff support

From Susan Dursin, Captain Cook, speaking as an individual

Chair Representative Rhoads, Vice-Chair Representative San Buenaventura, and Members of the Committee:

I urge your support for HB1183, which would provide comprehensive public funding for qualifying state House and Senate candidates.

This program would allow citizens without personal resources or wealthy supporters to run for office. Widening the pool of candidates offers a stronger foundation for our elections and for the governing process. It also strengthens public faith in those institutions.

You yourselves are aware of the time and effort needed to raise campaign money. When candidates are funded publicly, they can devote themselves to meeting the wide spectrum of potential constituents and discussing issues instead of raising money. The public will stop concentrating on who has given money to a campaign and focus on issues.

Nothing has captured the attention and alienated the voting public like the increasing influence of large campaign donors. While various efforts to curb such influence are underway across the nation, none has gained enough strength to be effective. For example, the movement to pass a Constitutional Amendment reversing the effect of Citizens United is slowly gaining momentum. Yet, it will be a long time, if ever, before it succeeds.

The real chance of change lies at the state level. HB1183 creates a path to blocking what has become an insidious rising tide of money that can undermine the responsible performance of government. Passage of the bill would restore faith in the election process.

The comprehensive public funding pilot program for Hawai'i County Council candidates in 2010 and 2012 was a success, both with candidates and voters. I believe a similar program, covering candidates to the Legislature, would be equally effective.

The Campaign Spending Commission will need additional funds to prepare adequately for implementation. Please appropriate those funds.

Thank you for considering my testimony.

LATE



House Judiciary Committee
Chair Karl Rhoads, Vice Chair Joy San Buenaventura

Thursday 2/19/2015 at 2:00 PM in Room 325
HB1183 Relating to Campaign Spending

TESTIMONY OF SUPPORT
Carmille Lim, Executive Director, Common Cause Hawaii

Dear Chair Rhoads, Vice Chair San Buenaventura, and members of the House Judiciary Committee:

Common Cause Hawaii supports HB1183, and offers amendments.

HB1183 would create a public funding program of candidates for the offices of state senate and state representative.

According to a 2005 AARP survey, 86% of voting age residents in Hawaii think campaign contributions moderately or greatly influence policies supported by elected officials. The survey goes on to state: Realizing that politicians have to raise money for their election campaigns, almost half of all Hawai'i residents strongly agree, and over one-third somewhat agree, they become obligated to the people who contributed money to their campaign. ⁽¹⁾ Similar programs are in use in Arizona, Connecticut, and Maine and in a number of localities scattered across the country.

Since the study's release, we have seen an even greater influx of money in elections – particularly in light of the 2010 U.S. Supreme Court decision on *Citizens United*, which dramatically expanded the ability of wealthy individuals, corporations and groups to spend as much as they like to influence elections.

Among the many “good government” issues Common Cause advocates for, Publicly Funded Elections has resonated longest with our 4,000+ members and supporters.

COMMENTS AND SUGGESTED AMENDMENTS

- Page 3, lines 19-21
 - Rewrite the definition of “surplus campaign funds” for clarity. We suggest:
 - “Surplus campaign funds” means any campaign contributions not spent during a prior election period in which the candidate sought election as a privately-funded candidate. ”
- Page 6, § 11D-(c), lines 12-17 and its reference to subpart E does not clarify who may contribute to the prospective candidate, nor does it indicate how much individuals may contribute. In this case, we may see an individual contributing the full \$3,000 of seed money to a candidate who intends to run on the public funding program.
 - Suggestions:
 - Allow no more than ½ of the seed money to be funded from the individual's personal funds.
 - Allow for out-of district, but in-state contributions for seed money.
 - Clarify how much the candidate can use from surplus campaign funds toward the seed money. We suggest no more than 20%.

- Page 8, § 11-E(a), lines 7-8
 - We believe the quantities are reversed. The program would need more signatures than contributors. Why would we accept qualifying contributions from individuals who would not sign a release identifying their support of a potential candidate?
 - We notice that there is no difference in qualifying signatures and contributions for house and senate races. Given that the senate districts are roughly twice as big as house races we suggest:
 - At least 200 qualifying contributions and 250 qualifying signatures for House races
 - At least 350 qualifying contributions and 400 qualifying signatures for Senate races.
- Page 8, § 11 E(b), line 10
 - Remove “who is a registered voter.” This provision is limiting, as Hawaii already has low voter participation. A candidate seeks to represent her or his district – and that includes citizens who are not registered to vote. Further by removing “who is a registered voter” we bring the definition for “qualifying contribution” in alignment with its current definition in HRS 11-302 (i.e., the contribution must come from a resident of Hawaii but not necessarily from a registered voter.).
- Page 12, § 11-H (a)(1)
 - Remove the underlined “for use in the campaign.” Otherwise, this section implies that candidates can still receive “contributions”, but not use that money in campaigns (i.e., a contributor could still “buy” influence.). What else would the contribution go toward?
- Page 12, § 11-G (c)
 - Remove this section.
- Page 17, § 11-J (a), lines 17-19
 - We are unsure what 11-J means when it says “regardless of whether the certified candidate maintains eligibility for public funding in the general election” and that this be clarified since the certified candidate isn't supposed to take any other money in the primary or general. Our assumption is that this section refers to the candidate who is unopposed in the general, but again, this needs to be clarified.
- Page 23, lines 19-21
 - Remove “money in the account may be used for commission's operating expenses, including staff salaries and fringe benefits.”
 - We believe addressing the Hawaii Election Campaign Fund in this section is unnecessary, and the statement doesn't appear to go with the first part of that section which is referenced (11-G(b)), which refers to how money is paid to candidates.
- Page 24, lines 15 - 19
 - Delete the section that eliminates partial public funding for house and senate.
 - This is concerning because if there is not enough money for full public funding, there may be enough for partial, but house and senate candidates would be excluded.
 - Similarly, we suggest that similar language excluding offices of state senator and representative from partial public funding qualifications be deleted. (page 25, lines 8-9, page 28, lines 1-2)
- Page 25, line 3
 - Adjust the formula from 15 per cent to 40 per cent. The existing 15 per cent formula has been used since partial public funding's implementation in 1979. Since then, the formula used to determine how much money is awarded to candidates has become antiquated and is no longer considered “competitive.” The formula needs to be adjusted so that the amount of awarded money can be attractive to candidates. Hawaii has lagged behind in other states in updating their program. Other states have already increased their expenditure limit, but ours remains at 10-15%.

ADDITIONAL COMMENTS

- Under HB1183, candidates who take part in this program are awarded a lump sum which they then have to budget for the primary and the general. A more fiscally conservative approach may be to give a smaller amount for just the primary, and then another amount to a certified candidate who wins the primary.
- Regarding § II-J:
 - Given that (a) states that everything except (d) is applicable to candidates that don't maintain eligibility in the general election, we ask for clarity on:
 - Section (b): Does this mean that a candidate who does not maintain eligibility in the general may keep up to \$4,000 in public funds if elected? Or, does it mean that even though that individual is no longer eligible, an elected candidate can keep no more than \$4,000 from *any* source? We believe his also applies to section (c).
- The Hawaii Election Campaign Fund (HECF) was created during the 1978 Constitutional Convention as Article II, Section 5 of the Hawaii State Constitution. The legislature was directed to “establish a campaign fund to be used for partial public financing of campaigns of the State and its political subdivisions,” and so the fund was established by the 1979 legislature. Since then, the Campaign Spending Commission’s general operating expenses was moved from general funds to HECF. To compensate for this, we ask that each biennium, the Legislature appropriate: the amount of Campaign Spending Commission’s general operating expenses from the previous biennium x 30 %.
- Regarding coordination with political parties
 - We recognize that even with a public-funding program, political parties may still want to assist a candidate. We believe that assistance and verbal, written, or oral endorsements from a political party or a political party’s caucus should remain permissible.

The heart of Common Cause’s mission is to create a robust democracy by and responsive to an engaged public. We believe that implementing a public funding option would significantly reduce the perception of pay-to-play politics and by increasing competition, can reengage the citizenry in the democratic process.

Thank you for the opportunity to offer testimony **supporting HB1183**.

(1) AARP, “Campaign Finance Reform in Hawai’i: A Survey of Residents 18+” 2005.
<http://www.voterownedhawaii.org/uploads/AARPSurvey.pdf>

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
R. Elton Johnson, III	Open Law Alliance	Support	No

Comments: In strong support. Mahalo, R. Elton Johnson, III Open Law Alliance

LATE

HOUSE JUDICIARY COMMITTEE

Chair ~~Ran Rhoads~~, Vice Chair Joy San Buenaventura

Hearing: Thursday, February 19, 2015 at 2:00 p.m. in Room 325

Bill: HB 1183 – Campaign Spending

Aloha Chair Rhoads, Vice Chair San Buenaventura, and Committee Members,

I would like to provide comments in **support of HB 1183**. This measure would create a system of comprehensive public funding for campaigns for Hawaii State House and State Senate.

Establishing comprehensive publicly-funded campaigns in Hawaii would be a major step in campaign finance reform, which is so critically needed in the aftermath of *Citizens United v. FEC* and other court decisions that opened the floodgates to special interest money in our elections.

A program for comprehensive publicly-funded campaigns would provide qualifying candidates with public funds to run a competitive campaign, reduce the influence of private money in our elections, encourage grassroots campaigning in our communities, and begin to restore citizens' trust in our democratic process. Please move this measure forward.

Mahalo,

Nikki Love Kingman

Kapahulu/Diamond Head resident

CFRnikki@gmail.com

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Brodie Lockard	Individual	Support	No

Comments: I fully support HB1183. Publicly-funded elections really is "the reform that makes all other reforms possible." Our elected state officials are caught in a cycle that forces them to fundraise from companies. Because of this, laws are getting passed that prioritize profits over people, in a variety of areas. With publicly-funded elections, candidates can spend more time talking about ideas and less time raising corporate money, which tends to obligate them to private interests. Please support HB1183. Thank you.