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To: The Honorable Chris Lee, Chair
and Members of the House Committee on Judiciary

Date: Thursday, January 31, 2019
Time: 2:00 P.M.
Place: Conference Room 325, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: H.B. 1514, Relating to Campaign Finance

The Department of Taxation (Department) has concerns regarding H.B. 1514 and offers the following comments for the Committee's consideration.

H.B. 1514 deletes section 235-102.5(a), Hawaii Revised Statutes (HRS), that authorizes any individual with \$3 or more in state income tax liability to direct the State to transfer \$3 to Hawaii election campaign fund (HECF), and \$6 for jointly filed return. Instead, the bill creates a new section for taxpayers to contribute an amount determined by the taxpayer to HECF beginning with taxable years after December 31, 2019.

First, the Department notes that the current designation to HECF does not come from a taxpayers' refund. It merely directs the State to deposit money from the general fund into HECF if the taxpayer makes that election.

Second, the Department has concerns about the difficulty in administering and processing contribution amounts that are determined by the taxpayers. If the Committee wishes to advance this measure, the Department respectfully requests that the amount a taxpayer may designate to HECF be a fixed in the law, rather than allowing taxpayers to determine the amount on a case-by-case basis.

Thank you for the opportunity to provide comments.



**STATE OF HAWAII
CAMPAIGN SPENDING COMMISSION**

235 SOUTH BERETANIA STREET, ROOM 300
HONOLULU, HAWAII 96813

January 30, 2019

TO: The Honorable Chris Lee, 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 *KI*
Campaign Spending Commission

SUBJECT: **Testimony on H.B. No. 1514, Relating to Campaign Finance**

Thursday, January 31, 2019
2:00 p.m., Conference Room 325

Thank you for the opportunity to testify on this bill. The Campaign Spending Commission (“Commission”) opposes this bill insofar as it repeals the income tax check-off where individuals may designate \$3 to be paid over to the Hawaii Election Campaign Fund (“HECF”).

The tax check-off income has generated on average about \$190,000 each fiscal year over the past ten years for the HECF. The balance in the HECF as of December 31, 2018 is \$906,071.13. In order to preserve the funds in the HECF for the public financing of elections, in 2018 the funding of the Commission’s operating costs was switched by the Legislature from the HECF to the state’s general fund. Repealing the tax check-off will be a substantial blow to the Commission’s ability to financially strengthen the HECF.¹

The Commission supports the intent of this bill insofar as it increases the amount of public financing available to qualified candidates. The Commission will have testimony concerning the potential costs of the proposed modifications to the partial public financing program when and if this bill is heard in the House Finance Committee.

¹ Section 2 of the bill would allow taxpayers to make voluntary contributions to the HECF on state tax forms. However, it is unknown how much income this will generate for the HECF.

TESTIMONY
ON BEHALF OF THE LIBERTARIAN PARTY OF HAWAII
c/o 1658 Liholiho St #205
Honolulu, HI 96822

January 29, 2019

RE: HB1514 to be heard Thursday January 31, in Room 325, at 2:00 PM

SUPPORT

To the members of the House Committee on Judiciary

We support initiative to substitute voluntary contributions for involuntary taxes. This bill provides one of the best vehicles to do that as the ability for individuals who support a neutral fund for candidates can contribute far more money that is allowed under the current \$3 checkoff method. The salaries and administrative costs of operating the campaign finance staff should not part of the general fund as they are state employees.

There are some things that have been estimated as changes due to an unknown amount of money that will be available for future elections.



Tracy Ryan
For The Libertarian Party of Hawaii



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COMMITTEE ON JUDICIARY

THURSDAY, 1/31/19, 2 pm, Room 325
HB1514, RELATING TO CAMPAIGN FINANCE
TESTIMONY

Beppie Shapiro, Legislative Committee, League of Women Voters of Hawaii

Chair LEE, Vice-Chair BUENAVENTURA, and Committee Members:

The League of Women Voters of Hawaii **comments on HB1514 that revises several aspects of the public campaign funding program with the intention of improving its viability.**

Hawaii has chosen a public campaign funding program so:

- People without extraordinary wealth or wealthy friends can run for and win public office;
- Candidates spend more time listening to and meeting with their constituents, instead of constantly needing to raise money;
- Elected officeholders are reflective of the community at large;
- Elected officials are less indebted to a narrow set of big money donors, and are more accountable to all voters;
- Policies and laws are more responsive to public needs and less skewed by wealthy special interests.

HB1514 proposes changes to build the fund.

The first and most consequential changes, in our view, are:

- a. To allow taxpayers to choose the amount they want to donate to the fund
- b. Change the tax consequences of taxpayer donations so that instead of having no impact on tax owed or refund claimed, the donated amount would increase the tax owed or decrease the refund claimed.

The League supports suggesting donations larger than \$3 to the fund, but we are concerned that many taxpayers, not understanding the potential benefits of publicly funded campaigns, will choose not to donate when there are tax consequences, however small, for the taxpayer. The League suggests that the existing donation check-off on the tax form be retained, with a larger amount of donation to account for inflation since the passage of the original program in **1979**.

The League takes no position at this time on the other revisions proposed.

Thank you for the opportunity to submit testimony.

HB-1514

Submitted on: 1/30/2019 10:04:55 AM

Testimony for JUD on 1/31/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Teikiheekua Taupu	Individual	Oppose	No

Comments:

HB-1514

Submitted on: 1/30/2019 10:05:17 AM

Testimony for JUD on 1/31/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Helene	Individual	Oppose	No

Comments:

HB 1514 Late

To: The House Committee on Judiciary
From: Brodie Lockard for the Common Cause Hawaii Board
Date: Thursday, January 31, 2019, 2:00 pm

In strong support of HB 1514

Dear JUD Chair Lee, Vice Chair San Buenaventura and Committee Members—

Common Cause Hawaii strongly supports HB 1514.

The \$3 checkoff on tax returns is far short of what is needed to maintain a viable partial publicly funded election program in Hawaii. Allowing taxpayers to contribute as much as they like hurts no one, costs no one else ("the amount of a voluntary contribution shall be added to the amount of the tax owed"), and supports the current program without favoring any one candidate. If a taxpayer doesn't want to give, that's her or his choice.

There is no downside to this change.

The increases in campaign spending limits, public funds available to certain candidates, and the dollar-for-dollar public fund match are very modest, but will help candidates using this option.

Please pass HB 1514 and support public funding for Hawaii elections.

Thank you for the opportunity to testify.

Brodie Lockard
Board Member, Common Cause Hawaii