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## A BILL FOR AN ACT

RELATING TO CAMPAIGN FINANCE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the State's public  
2 campaign funding program that was established after the 1978  
3 constitutional convention has not adequately served its purpose,  
4 which was to establish a large neutral fund that political  
5 candidates could use as an alternative to receiving campaign  
6 contributions. Time has shown that the amount of money  
7 available to candidates and the process of obtaining the money  
8 have undermined the stated goals of the public funding program.

9           The purpose of this Act is to address the foregoing  
10 problems. More specifically, this Act:

11           (1) Replaces the system allowing taxpayers to make \$3  
12 contributions to the Hawaii election campaign fund on  
13 their tax returns by marking an applicable box with an  
14 option for a taxpayer to apply any amount to the fund.  
15 The funding, being voluntary, will not create a draw  
16 on the State's general fund or lead to objections that



- 1 public moneys are being used to fund political  
2 activities;
- 3 (2) Raises the limit on the amount of money that certain  
4 candidates may spend;
- 5 (3) Increases the maximum amount of public funds available  
6 to certain candidates;
- 7 (4) Prohibits qualifying candidates from receiving  
8 campaign contributions from sources other than a  
9 natural person or a business that is a sole  
10 proprietorship;
- 11 (5) Increases the maximum threshold for qualified  
12 contributions from any person from \$100 to \$200 or  
13 less;
- 14 (6) Amends the dollar-for-dollar public fund match that  
15 qualified candidates are eligible to receive to a  
16 match of \$3 for each \$1 that a candidate receives from  
17 qualified contributions; and
- 18 (7) Addresses the problem of a candidate being unable to  
19 receive public funds during the primary election  
20 period when the candidate has no election opponent.



1 SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 "§235- Voluntary contributions to the Hawaii election  
5 campaign fund authorized. (a) The department of taxation shall  
6 include a line item on state income tax forms that allows an  
7 individual, trust, partnership, or corporation to make a  
8 voluntary contribution to the Hawaii election campaign fund.

9 (b) The line item shall appear after the final line for  
10 the calculation of the amount of the tax due or the amount to be  
11 refunded, accompanied by an explanation that the amount of a  
12 voluntary contribution shall be added to the amount of the tax  
13 owed or subtracted from the amount to be refunded; provided that  
14 if the amount of the voluntary contribution exceeds the amount  
15 to be refunded, the taxpayer shall pay to the State the amount  
16 by which the voluntary contribution exceeds the tax owed.

17 (c) The department of taxation shall remit to the Hawaii  
18 election campaign fund any voluntary contribution made pursuant  
19 to this section."

20 SECTION 3. Section 11-421, Hawaii Revised Statutes, is  
21 amended by amending subsection (b) to read as follows:



- 1        "(b) The fund shall consist of:
- 2        (1) All moneys collected from persons who have [~~designated~~
- 3        ~~a portion of their income tax liability to the fund as~~
- 4        ~~provided in section 235-102.5(a);~~] made a voluntary
- 5        contribution to the fund under section 235-        ;
- 6        (2) Any general fund appropriations; and
- 7        (3) Other moneys collected pursuant to this part."

8        SECTION 4. Section 11-423, Hawaii Revised Statutes, is  
 9        amended by amending subsection (d) to read as follows:

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

- 19        (1) For the office of governor - \$2.50;
- 20        (2) For the office of lieutenant governor - \$1.40;
- 21        (3) For the office of mayor - \$2.00;



1           (4) For the offices of state senator, state  
2           representative, county council member, and prosecuting  
3           attorney - [~~\$1.40,~~] \$2.10; and

4           (5) For all other offices - 20 cents."

5           SECTION 5. Section 11-425, Hawaii Revised Statutes, is  
6           amended by amending subsections (a) and (b) to read as follows:

7           "(a) The maximum amount of public funds available in each  
8           election to a candidate for the office of governor, lieutenant  
9           governor, or mayor shall not exceed [~~ten~~] twenty per cent of the  
10          expenditure limit established in section 11-423(d) for each  
11          election.

12          (b) The maximum amount of public funds available in each  
13          election to a candidate for the office of state senator, state  
14          representative, county council member, and prosecuting attorney  
15          shall not exceed [~~fifteen~~] sixteen per cent of the expenditure  
16          limit established in section 11-423(d) for each election."

17          SECTION 6. Section 11-428, Hawaii Revised Statutes, is  
18          amended to read as follows:

19          "~~[§]~~11-428~~[§]~~ Eligibility requirements for public funds.

20          In order to be eligible to receive public funds for an election,



1 a candidate shall certify that the candidate will meet all the  
2 following requirements:

3 (1) The candidate and any candidate committee authorized  
4 by the candidate shall not incur campaign expenses in  
5 excess of the expenditure limitations imposed by  
6 section 11-423;

7 (2) The candidate has qualified to be on the election  
8 ballot in a primary or general election;

9 (3) The candidate has filed a statement of intent to seek  
10 qualifying contributions. A contribution received  
11 before the filing of a statement of intent to seek  
12 public funds shall not be considered a qualifying  
13 contribution;

14 (4) The candidate or candidate committee authorized by the  
15 candidate has received the minimum qualifying  
16 contribution amounts for the office sought by the  
17 candidate as set forth in section 11-429;

18 (5) The aggregate of contributions certified with respect  
19 to any person [~~under paragraph (4)~~] does not exceed  
20 [~~\$100,~~] \$200;



- 1           (6) The candidate agrees to obtain and furnish any  
2           evidence relating to expenditures that the commission  
3           may request;
- 4           (7) The candidate agrees to keep and furnish records,  
5           books, and other information that the commission may  
6           request;
- 7           (8) The candidate agrees to an audit and examination by  
8           the commission pursuant to section 11-434 and to pay  
9           any amounts required to be paid pursuant to that  
10          section; [~~and~~]
- 11          (9) Each candidate and candidate committee in receipt of  
12          qualifying contributions that may be taken into  
13          account for purposes of public funding shall maintain,  
14          on a form prescribed by the commission, records that  
15          show the date and amount of each qualifying  
16          contribution and the full name and mailing address of  
17          the person making the contribution. The candidate and  
18          the candidate committee authorized by the candidate  
19          shall transmit to the commission all reports with  
20          respect to these contributions that the commission may  
21          require [~~-~~]; and



- 1        (10) The candidate and the candidate committee agree to:
- 2            (A) Accept campaign contributions only from natural
- 3                    persons and sole proprietorships; and
- 4            (B) Return any other contribution to the contributor
- 5                    within twenty days of receipt of the
- 6                    contribution."

7            SECTION 7. Section 11-429, Hawaii Revised Statutes, is  
8 amended by amending subsection (b) to read as follows:

9            "(b) A candidate shall obtain the minimum qualifying  
10 contribution amount set forth in subsection (a) once for the  
11 election period.

12            (1) If the candidate obtains the minimum qualifying  
13 contribution amount, the candidate is eligible to  
14 receive:

15            (A) The minimum payment in an amount equal to the  
16 minimum qualifying contribution amounts; and

17            (B) Payments of [~~\$1~~] \$3 for each \$1 of qualifying  
18 contributions in excess of the minimum qualifying  
19 contribution amounts; and

20            (2) [~~A candidate~~] There shall [have] be at least [~~one~~  
21 ~~other~~] two qualified [~~candidate as an opponent for the~~



1           ~~primary or general election to receive~~ candidates for  
2           the same elected office during an election cycle  
3           before a candidate may receive public funds for that  
4           election[-] cycle."

5           SECTION 8. Section 235-102.5, Hawaii Revised Statutes, is  
6 amended to read as follows:

7           "**§235-102.5 Income check-off authorized.** ~~[(a) Any~~  
8 ~~individual whose state income tax liability for any taxable year~~  
9 ~~is \$3 or more may designate \$3 of the liability to be paid over~~  
10 ~~to the Hawaii election campaign fund, any other law to the~~  
11 ~~contrary notwithstanding, when submitting a state income tax~~  
12 ~~return to the department. In the case of a joint return of a~~  
13 ~~husband and wife having a state income tax liability of \$6 or~~  
14 ~~more, each spouse may designate that \$3 be paid to the fund.~~  
15 ~~The director of taxation shall revise the individual state~~  
16 ~~income tax form to allow the designation of contributions to the~~  
17 ~~fund on the face of the tax return and immediately above the~~  
18 ~~signature lines. An explanation shall be included which clearly~~  
19 ~~states that the check off does not constitute an additional tax~~  
20 ~~liability. If no designation was made on the original tax~~  
21 ~~return when filed, a designation may be made by the individual~~



1 ~~on an amended return filed within twenty months and ten days~~  
2 ~~after the due date for the original return for such taxable~~  
3 ~~year. A designation once made whether by an original or amended~~  
4 ~~return may not be revoked.~~

5       ~~(b)]~~ (a) Notwithstanding any law to the contrary, any  
6 individual whose state income tax refund for any taxable year is  
7 \$2 or more may designate \$2 of the refund to be deposited into  
8 the school-level minor repairs and maintenance special fund  
9 established by section 302A-1504.5, when submitting a state  
10 income tax return to the department. In the case of a joint  
11 return of a husband and wife having a state income tax refund of  
12 \$4 or more, each spouse may designate that \$2 be deposited into  
13 the special fund. The director of taxation shall revise the  
14 individual state income tax return form to allow the designation  
15 of contributions to the special fund on the face of the tax  
16 return and immediately above the signature lines. If no  
17 designation was made on the original tax return when filed, a  
18 designation may be made by the individual on an amended return  
19 filed within twenty months and ten days after the due date for  
20 the original return for such taxable year. A designation once



1 made, whether by an original or amended return, may not be  
2 revoked.

3       ~~(e)~~ (b) Notwithstanding any law to the contrary, any  
4 individual whose state income tax refund for any taxable year is  
5 \$5 or more may designate \$5 of the refund to be paid over to the  
6 libraries special fund established by section 312-3.6, when  
7 submitting a state income tax return to the department. In the  
8 case of a joint return of a married couple having a state income  
9 tax refund of \$10 or more, each spouse may designate that \$5 be  
10 deposited into the special fund. The director of taxation shall  
11 revise the individual state income tax form to allow the  
12 designation of contributions to the fund on the face of the tax  
13 return and immediately above the signature lines. If no  
14 designation was made on the original tax return when filed, a  
15 designation may be made by the individual on an amended return  
16 filed within twenty months and ten days after the due date for  
17 the original return for that taxable year. A designation once  
18 made, whether by an original or amended return, may not be  
19 revoked.

20       ~~(d)~~ (c) Notwithstanding any law to the contrary, any  
21 individual whose state income tax refund for any taxable year is



1 \$5 or more may designate \$5 of the refund to be paid over as  
2 follows:

3 (1) One-third to the Hawaii children's trust fund under  
4 section 350B-2; and

5 (2) Two-thirds to be divided equally among:

6 (A) The domestic violence and sexual assault special  
7 fund under the department of health in section  
8 321-1.3;

9 (B) The spouse and child abuse special account under  
10 the department of human services in section  
11 346-7.5; and

12 (C) The spouse and child abuse special account under  
13 the judiciary in section 601-3.6.

14 When designated by a taxpayer submitting a state income tax  
15 return to the department, the department of budget and finance  
16 shall allocate the moneys among the several funds as provided in  
17 this subsection. In the case of a joint return of a husband and  
18 wife having a state income tax refund of \$10 or more, each  
19 spouse may designate that \$5 be paid over as provided in this  
20 subsection. The director of taxation shall revise the  
21 individual state income tax form to allow the designation of



1 contributions pursuant to this subsection on the face of the tax  
2 return and immediately above the signature lines. If no  
3 designation was made on the original tax return when filed, a  
4 designation may be made by the individual on an amended return  
5 filed within twenty months and ten days after the due date for  
6 the original return for such taxable year. A designation once  
7 made, whether by an original or amended return, may not be  
8 revoked."

9 SECTION 9. Section 302A-1504.5, Hawaii Revised Statutes,  
10 is amended by amending subsection (a) to read as follows:

11 "(a) There is established within the state treasury a  
12 special fund to be known as the school-level minor repairs and  
13 maintenance special fund, into which shall be deposited all  
14 moneys collected pursuant to section [~~235-102.5(b),~~]  
15 235-102.5(a), and any other moneys received by the department in  
16 the form of grants and donations for school-level improvements  
17 and minor repairs and maintenance. The special fund shall be  
18 administered by the department and used to fund school-level  
19 minor repairs and maintenance. The department shall transfer  
20 moneys collected pursuant to section [~~235-102.5(b),~~]  
21 235-102.5(a), and may transfer any other moneys received in the



1 form of grants and donations for school-level improvements and  
2 minor repairs and maintenance to the Hawaii 3R's school  
3 improvement fund established pursuant to section 302A-1502.4."

4 SECTION 10. Section 312-3.6, Hawaii Revised Statutes, is  
5 amended by amending subsection (a) to read as follows:

6 "(a) There is established in the state treasury a  
7 libraries special fund into which shall be deposited all moneys  
8 collected pursuant to section 312-3.5, and all moneys designated  
9 to be paid to this fund pursuant to section [~~235-102.5(e).~~]  
10 235-102.5(b)."

11 SECTION 11. This Act does not affect rights and duties  
12 that matured, penalties that were incurred, and proceedings that  
13 were begun before its effective date.

14 SECTION 12. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16 SECTION 13. This Act shall take effect upon its approval;  
17 provided that:

18 (1) Sections 2, 8, 9, and 10 shall apply to taxable years  
19 beginning after December 31, 2019; and



# H.B. NO. 1514

1 (2) Section 3 shall take effect on January 1, 2020.

2

INTRODUCED BY: Sam Sir

JAN 24 2019



**Report Title:**

Campaign Finance; Income Tax; Public Funding

**Description:**

Replaces the option for a taxpayer to indicate on an income tax form a contribution to the Hawaii election campaign fund with an option for a taxpayer to apply any amount to the fund. Amends provisions relating to the ability of publicly-funded candidates to receive and expend campaign funds.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

