



**STATE OF HAWAII  
CAMPAIGN SPENDING COMMISSION**

235 SOUTH BERETANIA STREET, ROOM 300  
HONOLULU, HAWAII 96813

February 20, 2019

TO: The Honorable Sylvia Luke, Chair  
House Committee on Finance

The Honorable Ty J.K. Cullen, Vice Chair  
House Committee on Finance

Members of the House Committee on Finance

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

**SUBJECT: Testimony on H.B. No. 1380, H.D. 1, Relating to Campaign Finance**

Thursday, February 21, 2019  
1:30 p.m., Conference Room 308

Thank you for the opportunity to testify on this bill. The Campaign Spending Commission (“Commission”) supports the intent of this bill insofar as it creates a comprehensive public financing program for county candidates beginning in the 2022 election and two new sources of income for the Hawaii Election Campaign Fund (“HECF”).

Section 2, §11-P of the proposed legislation requires a minimum of \$3,500,000 in the HECF as of September 1, 2021, before this comprehensive funding program can operate for the 2022 county elections. The balance in the HECF as of February 19, 2019 is \$945,878.32. With a 5-year average of \$178,345.80 from the \$3 tax checkoff which is the Commission’s primary funding source for the HECF and with the uncertainty of public funding disbursements in the 2020 election, it would be difficult for the fund balance to reach this required minimum amount. Thus, a general fund appropriation to the HECF as provided for in Section 7 will be needed.

The Commission also acknowledges the other funding source in Section 5 of a one per cent surcharge on each judicial fine imposed pursuant to Hawaii Revised Statutes (“HRS”) §706-640 to be deposited into the HECF for the program. It is unknown whether this surcharge would provide sufficient funding.

To qualify for comprehensive public funding, county candidates pursuant to §11-D of the proposed legislation are required to receive or expend an unspecified amount of seed money that cannot exceed a total of \$3,000 from all sources such as the candidate’s personal funds, surplus

campaign funds, or contributions from individuals in aggregate amount no greater than \$200 each. The Commission suggests removing this requirement as a qualifying item and allow candidates to raise and expend seed money on an optional basis as it existed in Act 244 (Sess. Laws Haw. 2008) which was the pilot program the Commission ran for Hawaii County Council candidates in the 2010 and 2012 elections. Seed money allows a candidate to determine their campaign viability and precedes the filing of the declaration of intent which triggers the beginning of a candidate's collection of qualifying names and contributions.

Section 2, §11-E provides that candidates seeking certification for public funding for a county office are required to submit an application for certification that contains at least one hundred printed qualifying names from individuals who are registered to vote and who reside within the respective county from which the candidate seeks nomination or election at the time the contribution is given accompanied by a qualifying contribution of \$5. For historical perspective, Act 244 required two hundred qualifying names with a \$5 qualifying contribution. Eight candidates were able to achieve this in the 2010 and 2012 elections.

Section 2, §11-G provides that the maximum amount of public funding available in each election shall not exceed the greater of the amount expended by the candidate who was elected to the office sought in the previous election period or that candidate's opponent. Since this program will not go into effect until the 2022 elections, the Commission reviewed the spending totals for four-year county offices in the 2018 election which were Maui Mayor, Kauai Mayor and Honolulu City Council because these totals would set the actual maximum amounts for these offices in the 2022 elections and can help the committee gauge the affordability of the program.

For Maui Mayor, the winning candidate Mayor Michael Victorino spent the most at \$425,057.18 so this would be the maximum amount for the Maui Mayor's race in 2022 for the primary election and then again in the general election resulting in an overall total of \$850,114.36 for this office alone. The following shows how §11-G is applied to the offices with the "Total Spent" column representing the maximum amount of public funding available per election:

<u>Office</u>	<u>Highest Spending Candidate</u>	<u>Total Spent</u>	<u>Winner or Opponent</u>
Maui Mayor	Michael Victorino	\$425,057.18	Winner
Kauai Mayor	Derek Kawakami	\$467,710.87	Winner
Honolulu City Council			
District 2	Robert Bunda	\$253,182.51	Opponent
District 4	Trevor Ozawa	\$551,255.16	?
District 6	Carol Fukunaga	\$176,315.58	Winner
District 8	Brandon Elefante	\$128,177.14	Winner

Section 2, §11-G also provides how public funds would be distributed. This is where the program partially mirrors the existing matching public funding program with the difference being the four to one match. For clarity, the Commission recommends that the funds be called "matching funds" in the section. Under §11-G, candidates are allowed to accept donations of no

more than \$200 with each certified candidate receiving matching public funds of four times the first \$50 of each donation, or four times the amount of every donation received up to \$50. The following table shows what it would take for a candidate to reach the maximum available amounts:

<u>Office</u>	<u>Highest Spending Candidate</u>	<u>Maximum (Per Election)</u>	<u># of \$50 Donations to Max (Per Election)</u>
Maui Mayor	Michael Victorino	\$425,057.18	2,125
Kauai Mayor	Derek Kawakami	\$467,710.87	2,339
Honolulu City Council			
District 2	Robert Bunda	\$253,182.51	1,266
District 4	Trevor Ozawa	\$551,255.16	2,756
District 6	Carol Fukunaga	\$176,315.58	882
District 8	Brandon Elefante	\$128,177.14	641

If only one candidate were to qualify for the maximum amount of public funding in each of the six offices above, the program cost would be \$2,001,698.44 in the primary election and another \$2,001,698.44 in the general election resulting in an overall cost of \$4,003,396.88 for the 2022 elections. The numbers provided does not include the offices of Hawaii County Council (9 seats), Maui County Council (9 seats) and Kauai County Council (7 seats) which are the other offices up for election in 2022. This analysis is being provided to demonstrate the scope and cost of this program. It also shows that it exceeds the \$3,500,000 minimum required in §11-P.

With respect to Section 8 which provides for additional staff positions, when the Commission administered the comprehensive public funding program for Hawaii County Council pursuant to Act 244, which only affected one office (9 seats), the Commission did not need additional staff. However, this bill contemplates six offices (31 seats) up for election in 2022, and thus, there is a significant impact to the Commission's personnel resources to administer this program in consideration of the abbreviated processing of applications.





Thursday, February 21, 2019

House Bill 1380 HD1  
Testifying in Support with amendments

Aloha Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance,

The Democratic Party of Hawai'i (The Party) **supports with amendments HB1380 HD1 Relating to Campaign Finance**, which creates a comprehensive public funding program for candidates for county elections beginning in 2020 and appropriates funds to the Campaign Spending Commission.

Running for public office can be a very big financial burden, especially for young, working people. The Party also acknowledges the huge negative effect big money has had on our democratic processes, particularly in the wake of the 2010 Citizens United SCOTUS decision.

Public financing of elections spurs competition in our elections and strengthens our democratic institutions. This is borne out in a report by the Brennan Center for Justice, “a nonpartisan law and policy institute that works to reform, revitalize – and when necessary, defend – our country's systems of democracy and justice”. Their report<sup>1</sup> gives several examples of the benefits of public financing including in the area of contested and competitive elections. The same report shows findings that Maine and Arizona had seen less and less unopposed races since public funding programs were implemented in these states.

Public funding in elections allow for new candidates with new ideas and energy to become a part of the public discourse.

The Party appreciates the legislature's willingness to further discuss this measure and for amending it to allow for public funding to be more accessible to candidates by lowering the threshold of qualifying names needed to be certified from 200 to 100.

We are however concerned with the amendment allowing incumbents who are certified for public funding to remain in the public funding program for successive elections without having to submit new applications for certification. We believe candidates should have to go through the process of submitting new applications for certification in every election in which they are a candidate.

Public funding exists to help level the playing field for candidates, giving them more opportunities to be out in their communities. The Party recognizes that, even with public funding, incumbents enjoy significant advantages to challengers. To allow for fairness, and

the opportunity for the candidates and their respective communities to reaffirm their dedication and accountability to one another, we urge the committee to remove this amendment.

By implementing comprehensive public financing for county elections, the Party hopes the benefits of public financing will be seen by the decision-making bodies. We believe that when all elected officials rely on public funding instead of private donors, it can allow the officials to be solely focused on their constituents.

For all these reasons, we urge you to pass this bill with our recommended amendments.

Mahalo for the opportunity to testify,



Josh Frost  
Co-Chair, Legislation Committee  
Democratic Party of Hawai'i



Zahava Zaidoff  
Co-Chair, Legislation Committee  
Democratic Party of Hawai'i

1. [https://www.brennancenter.org/analysis/more-combating-corruption-other-benefits-public-financing#\\_edn10](https://www.brennancenter.org/analysis/more-combating-corruption-other-benefits-public-financing#_edn10)



Hawaii

*Holding Power Accountable*

*Common Cause Hawaii • 307A Kamani St. • Honolulu, HI 96813 • 808.275.6275*

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To: The House Committee on the Finance  
From: Brodie Lockard, Board Member, Common Cause Hawaii  
Date: Thursday, February 21, 2019, 1:30 pm

**In support of HB 1380**

Dear FIN Chair Luke, Vice Chair Cullen and Committee Members—

Common Cause Hawaii strongly supports HB 1380. We would only ask that the effective date of July 1, 2019 be reinstated.

HB 1380 takes several steps to ensure its financial viability and independence.

It creates a Hawaii election campaign fund as a trust fund within the state treasury and funds it largely via a 1% surcharge on judicial fines as in HRS section 706-640, including fines from convictions of class A, B and C felonies; murder and attempted murder; misdemeanors and petty misdemeanors; and first or second degree theft (see §11-M(6)).

§11-P states that in each odd-numbered year before a general election year, the commission shall determine whether there is a minimum of \$3.5M in the Hawaii election campaign fund. If there is insufficient funding, the main parts of the bill become inoperative.

§11-G(c) The commission shall be under no obligation to provide moneys to a candidate if moneys in the Hawaii election campaign fund are near depletion as determined by the commission pursuant to section 11-P.

Thus, the bill funds itself via a surcharge on judicial fines, and does not operate when funds are insufficient. No moneys are taken from other sources to fund the program. **The state won't fund this program. Felons, thieves and murderers will. And it only affects candidates for county offices.**

We would suggest that "each odd-numbered year before a general election year" be clarified. Does that language mean, e.g., both 2021 and 2023, or only 2023?

Publicly Funded Elections are the gold standard of campaign finance reform. The idea is fairly simple. Collect a base number of small contributions from constituents, decline all private funds, and your campaign is paid for by public money, up to a reasonably competitive amount. In return, you can spend all your

fundraising time talking with voters, and owing no one but them. It's "the reform that makes all other reforms possible."

We live in a country where over 98 percent of the members of Congress are re-elected every year with no serious competition. In Maine and Arizona, Publicly Funded Elections costing under \$5 per taxpayer have increased voter turnout, the number and diversity of candidates (including women and people of color), candidate interaction with low- and moderate-income communities, and the number of contested races.

They have decreased the spending gap between winning and losing candidates, the role of special interests in government decision making, and the time candidates and officeholders spend fundraising. Publicly Funded-Elected candidates have passed some long-stalled laws for affordable prescription drugs, all-day kindergarten for the poorest schools, higher subsidies for community colleges, and financial help for working families needing child care.

Publicly Funded Election legislation has been adopted in Maine, Connecticut, Florida, Hawaii, Maryland, Michigan, Arizona, North Carolina, New Mexico, Wisconsin, Minnesota, Rhode Island, Vermont, West Virginia, and Massachusetts. It has also been incorporated at the municipal level in several cities.

People tend to be concerned about the cost to them, but tax breaks currently given to special interests cost them far more. Most of Arizona's funding comes from a 10% surtax on civil and criminal penalties. Another approach would be to tax campaign ad buys themselves.

Please pass HB 1380 and let Publicly Funded Elections prove themselves, at no cost to the State and with no effect on State offices.

Thank you for the opportunity to testify.

Brodie Lockard  
Board Member, Common Cause Hawaii



**HB-1380-HD-1**

Submitted on: 2/19/2019 9:25:54 AM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dr Marion Ceruti	Individual	Oppose	No

Comments:

It is wrong to make taxpayers pay for candidates they do not support. This is just another waste of taxpayers' money. How will the state pay for this? With yet another tax increase? A better idea would be to have a "none of the above" option on the ballot. Vote NO on HB1380.

**HB-1380-HD-1**

Submitted on: 2/19/2019 12:28:12 PM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Stefani jeremiah	Individual	Oppose	No

Comments:

**HB-1380-HD-1**

Submitted on: 2/20/2019 4:36:58 AM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Caroline Kunitake	Individual	Support	No

Comments:

Dear FIN Chair Luke, Vice Chair Cullen and Committee Members—

I strongly support HB 1380 HD1. I would only ask that the effective date of July 1, 2019 be reinstated.

HB 1380 takes several steps to ensure its financial viability and independence. Importantly, this bill funds itself via a surcharge on judicial fines, and does not operate when funds are insufficient. No moneys are taken from other sources to fund the program.

Publicly Funded Elections are the gold standard of campaign finance reform. The idea is fairly simple. Collect a base number of small contributions from constituents, decline all private funds, and your campaign is paid for by public money, up to a reasonably competitive amount. In return, you can spend all your fundraising time talking with voters, and owing no one but them. It's "the reform that makes all other reforms possible."

We live in a country where over 98 percent of the members of Congress are re-elected every year with no serious competition. In Maine and Arizona, Publicly Funded Elections costing under \$5 per taxpayer have increased voter turnout, the number and diversity of candidates (including women and people of color), candidate interaction with low- and moderate-income communities, and the number of contested races.

They have decreased the spending gap between winning and losing candidates, the role of special interests in government decision making, and the time candidates and officeholders spend fundraising. Publicly Funded-Elected candidates have passed some long-stalled laws for affordable prescription drugs, all-day kindergarten for the poorest schools, higher subsidies for community colleges, and financial help for working families needing child care.

Publicly Funded Election legislation has been adopted in Maine, Connecticut, Florida, Hawaii, Maryland, Michigan, Arizona, North Carolina, New Mexico, Wisconsin, Minnesota, Rhode Island, Vermont, West Virginia, and Massachusetts. It has also been incorporated at the municipal level in several cities.

People tend to be concerned about the cost to them, but tax breaks currently given to special interests cost them far more. What governmental expense is more important than supporting a healthy democracy? Most of Arizona's funding comes from a 10% surtax on civil and criminal penalties. Another approach would be to tax campaign ad buys themselves.

Please pass HB 1380 and let Publicly Funded Elections prove themselves.

Thank you for the opportunity to testify.

Mahalo,

Caroline Kunitake

**HB-1380-HD-1**

Submitted on: 2/20/2019 5:24:04 AM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Suellen Barton	Individual	Support	No

Comments:

**HB-1380-HD-1**

Submitted on: 2/20/2019 7:15:34 AM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Catherine Roberts	Individual	Support	No

Comments:

Public funding is the gold standard of fair elections, free from the influence of special interest groups with deep pockets.

**HB-1380-HD-1**

Submitted on: 2/20/2019 7:58:31 AM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Anita Trubitt	Individual	Support	No

Comments:

**HB-1380-HD-1**

Submitted on: 2/20/2019 8:41:09 AM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Andrea Nandoskar	Individual	Support	No

Comments:



**HB-1380-HD-1**

Submitted on: 2/20/2019 9:09:49 AM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Michael deYcaza	Individual	Support	No

Comments:

**HB-1380-HD-1**

Submitted on: 2/20/2019 9:14:03 AM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Christopher Boscole	Individual	Support	No

Comments:

Dear FIN Chair Luke, Vice Chair Cullen and Committee Members—

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Please pass HB 1380 and let Publicly Funded Elections prove themselves.

Thank you for the opportunity to testify.  
Christopher Boscole

**HB-1380-HD-1**

Submitted on: 2/20/2019 10:01:42 AM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
donald erway	Individual	Support	No

Comments:

**HB-1380-HD-1**

Submitted on: 2/20/2019 11:08:52 AM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Beth Webb	Individual	Support	No

Comments:

Please make elections publicly financed to benefit all.

**HB-1380-HD-1**

Submitted on: 2/20/2019 11:23:45 AM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ashley Wilcox	Individual	Support	No

Comments:

**HB-1380-HD-1**

Submitted on: 2/20/2019 11:57:04 AM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Barbara J. Service	Individual	Support	No

Comments:

Please approved funds for campaign spending. Public funding is the only way to avoid elections being controlled by special interests.

**HB-1380-HD-1**

Submitted on: 2/20/2019 1:08:48 PM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jonathan Boyne	Individual	Support	No

Comments:

HB1380 HD1 would create a comprehensive public funding program for candidates for county elections beginning in 2022.

Public funding is the gold standard of fair elections, free from the influence of special interest groups with deep pockets.



**HB-1380-HD-1**

Submitted on: 2/20/2019 2:13:28 PM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

**HB-1380-HD-1**

Submitted on: 2/20/2019 2:35:52 PM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Shannon Rudolph	Individual	Support	No

Comments:

Strongly Support!

**LATE**

**HB-1380-HD-1**

Submitted on: 2/20/2019 6:17:03 PM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
William Caron	Individual	Support	No

Comments:

**LATE**

**HB-1380-HD-1**

Submitted on: 2/20/2019 7:57:22 PM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
L.M. Holmes	Individual	Support	No

Comments:

Dear FIN Chair Luke, Vice Chair Cullen and Committee Members—

I strongly support HB 1380 HD1, with the addition that the effective date of July 1, 2019 be reinstated.

HB 1380 takes several steps to ensure its financial viability and independence. Importantly, this bill funds itself via a surcharge on judicial fines, and does not operate when funds are insufficient. No moneys are taken from other sources to fund the program.

Publicly Funded Elections allow you, as a candidate, to collect a base number of small contributions from constituents, decline all private funds, and your campaign is paid for by public money, up to a reasonably competitive amount. In return, you can spend all your fundraising time talking with voters, and owing no one but them. It's "the reform that makes all other reforms possible." We live in a country where over 98 percent of the members of Congress are re-elected every year with no serious competition. In Maine and Arizona, Publicly Funded Elections costing under \$5 per taxpayer have increased voter turnout, the number and diversity of candidates (including women and people of color), candidate interaction with low- and moderate-income communities, and the number of contested races.

They have decreased the spending gap between winning and losing candidates, the role of special interests in government decision making, and the time candidates and officeholders spend fundraising. Publicly Funded-Elected candidates have passed some long-stalled laws for affordable prescription drugs, all-day kindergarten for the poorest schools, higher subsidies for community colleges, and financial help for working families needing child care.

People tend to be concerned about the cost to them, but tax breaks currently given to special interests cost us far more. Please pass HB 1380 and let Publicly Funded Elections prove themselves.

Mahalo for the opportunity to testify.

Dr. Lorna Holmes, Honolulu 96817



**LATE**

**HB-1380-HD-1**

Submitted on: 2/20/2019 8:22:39 PM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kathy Shimata	Individual	Support	No

Comments:

Sometimes there's nobody good to vote for. Let's level the playing field & let more people run.

**LATE**

**HB-1380-HD-1**

Submitted on: 2/20/2019 10:21:12 PM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Diana Shaw	Lanai Community Health Center	Support	No

Comments:

**LATE**

**HB-1380-HD-1**

Submitted on: 2/21/2019 8:00:41 AM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Greg Puppione	Individual	Support	No

Comments:

Dear All,

I strongly support HB 1380 HD1. I would only ask that the effective date of July 1, 2019 be reinstated.

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Please pass HB 1380 and let Publicly Funded Elections prove themselves. Thank you for your time and consideration. Aloha, Greg Puppione Honolulu, HI

**LATE**

**HB-1380-HD-1**

Submitted on: 2/21/2019 10:48:49 AM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Nathan Park	Common Cause Hawaii	Support	No

Comments:

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Publicly Funded Election legislation has been adopted in Maine, Connecticut, Florida, Hawaii, Maryland, Michigan, Arizona, North Carolina, New Mexico, Wisconsin, Minnesota, Rhode Island, Vermont, West Virginia, and Massachusetts. It has also been incorporated at the municipal level in several cities.

People tend to be concerned about the cost to them, but tax breaks currently given to special interests cost them far more. What governmental expense is more important than supporting a healthy democracy? Most of Arizona's funding comes from a 10% surtax on civil and criminal penalties. Another approach would be to tax campaign ad buys themselves.

Please pass HB 1380 and let Publicly Funded Elections prove themselves.

Thank you for the opportunity to testify.

**LATE**

**HB-1380-HD-1**

Submitted on: 2/21/2019 11:19:43 AM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Elton Johnson	Individual	Support	No

Comments:

Though the vehicles that are proposed at the Legislature year after year--including HB 1380 HD1--may not ever be perfect, we are relying you, our elected representatives, to find a way to realize the potential of the public financing option for campaigns, to help safeguard our democratic system of government. You are likely aware of the demonstrated benefits of public funding, which include reduction in corruption and the influence of special interest money, greater participation of new and diverse candidates with creative ideas, and improved voter participation. The realization of such benefits is tremendously important for your constituents.

The "campaign fund to be used for partial public financing of campaigns for public offices of the State and its political subdivisions" provided in the Hawaii Constitution has been chronically under-funded, even as the importance of public financing of campaigns has become ever greater with the rise of unrestricted contributions and dark special interest money.

Please consider carefully what can be done to realize a public financing option for candidates in county elections in Hawai'i via HB 1380. Your help is needed and we are counting on you.

Mahalo,

R. Elton Johnson, III

**LATE**

**HB-1380-HD-1**

Submitted on: 2/21/2019 1:22:55 PM

Testimony for FIN on 2/21/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jeremy Garrett	Individual	Support	No

Comments:

I stongly support this measure.



STATE OF HAWAII  
CAMPAIGN SPENDING COMMISSION

235 SOUTH BERETANIA STREET, ROOM 300  
HONOLULU, HAWAII 96813



February 20, 2019

TO: The Honorable Sylvia Luke, Chair  
House Committee on Finance

The Honorable Ty J.K. Cullen, Vice Chair  
House Committee on Finance

Members of the House Committee on Finance

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

SUBJECT: **Testimony on H.B. No. 1380, H.D. 1, Relating to Campaign Finance**

Thursday, February 21, 2019  
1:30 p.m., Conference Room 308

Thank you for the opportunity to testify on this bill. The Campaign Spending Commission (“Commission”) supports the intent of this bill insofar as it creates a comprehensive public financing program for county candidates beginning in the 2022 election and two new sources of income for the Hawaii Election Campaign Fund (“HECF”).

Section 2, §11-P of the proposed legislation requires a minimum of \$3,500,000 in the HECF as of September 1, 2021, before this comprehensive funding program can operate for the 2022 county elections. The balance in the HECF as of February 19, 2019 is \$945,878.32. With a 5-year average of \$178,345.80 from the \$3 tax checkoff which is the Commission’s primary funding source for the HECF and with the uncertainty of public funding disbursements in the 2020 election, it would be difficult for the fund balance to reach this required minimum amount. Thus, a general fund appropriation to the HECF as provided for in Section 7 will be needed.

The Commission also acknowledges the other funding source in Section 5 of a one per cent surcharge on each judicial fine imposed pursuant to Hawaii Revised Statutes (“HRS”) §706-640 to be deposited into the HECF for the program. It is unknown whether this surcharge would provide sufficient funding.

To qualify for comprehensive public funding, county candidates pursuant to §11-D of the proposed legislation are required to receive or expend an unspecified amount of seed money that cannot exceed a total of \$3,000 from all sources such as the candidate’s personal funds, surplus

campaign funds, or contributions from individuals in aggregate amount no greater than \$200 each. The Commission suggests removing this requirement as a qualifying item and allow candidates to raise and expend seed money on an optional basis as it existed in Act 244 (Sess. Laws Haw. 2008) which was the pilot program the Commission ran for Hawaii County Council candidates in the 2010 and 2012 elections. Seed money allows a candidate to determine their campaign viability and precedes the filing of the declaration of intent which triggers the beginning of a candidate’s collection of qualifying names and contributions.

Section 2, §11-E provides that candidates seeking certification for public funding for a county office are required to submit an application for certification that contains at least one hundred printed qualifying names from individuals who are registered to vote and who reside within the respective county from which the candidate seeks nomination or election at the time the contribution is given accompanied by a qualifying contribution of \$5. For historical perspective, Act 244 required two hundred qualifying names with a \$5 qualifying contribution. Eight candidates were able to achieve this in the 2010 and 2012 elections.

Section 2, §11-G provides that the maximum amount of public funding available in each election shall not exceed the greater of the amount expended by the candidate who was elected to the office sought in the previous election period or that candidate’s opponent. Since this program will not go into effect until the 2022 elections, the Commission reviewed the spending totals for four-year county offices in the 2018 election which were Maui Mayor, Kauai Mayor and Honolulu City Council because these totals would set the actual maximum amounts for these offices in the 2022 elections and can help the committee gauge the affordability of the program.

For Maui Mayor, the winning candidate Mayor Michael Victorino spent the most at \$425,057.18 so this would be the maximum amount for the Maui Mayor’s race in 2022 for the primary election and then again in the general election resulting in an overall total of \$850,114.36 for this office alone. The following shows how §11-G is applied to the offices with the “Total Spent” column representing the maximum amount of public funding available per election:

<u>Office</u>	<u>Highest Spending Candidate</u>	<u>Total Spent</u>	<u>Winner or Opponent</u>
Maui Mayor	Michael Victorino	\$425,057.18	Winner
Kauai Mayor	Derek Kawakami	\$467,710.87	Winner
Honolulu City Council			
District 2	Robert Bunda	\$253,182.51	Opponent
District 4	Trevor Ozawa	\$551,255.16	?
District 6	Carol Fukunaga	\$176,315.58	Winner
District 8	Brandon Elefante	\$128,177.14	Winner

Section 2, §11-G also provides how public funds would be distributed. This is where the program partially mirrors the existing matching public funding program with the difference being the four to one match. For clarity, the Commission recommends that the funds be called “matching funds” in the section. Under §11-G, candidates are allowed to accept donations of no

more than \$200 with each certified candidate receiving matching public funds of four times the first \$50 of each donation, or four times the amount of every donation received up to \$50. The following table shows what it would take for a candidate to reach the maximum available amounts:

<u>Office</u>	<u>Highest Spending Candidate</u>	<u>Maximum (Per Election)</u>	<u># of \$50 Donations to Max (Per Election)</u>
Maui Mayor	Michael Victorino	\$425,057.18	2,125
Kauai Mayor	Derek Kawakami	\$467,710.87	2,339
Honolulu City Council			
District 2	Robert Bunda	\$253,182.51	1,266
District 4	Trevor Ozawa	\$551,255.16	2,756
District 6	Carol Fukunaga	\$176,315.58	882
District 8	Brandon Elefante	\$128,177.14	641

If only one candidate were to qualify for the maximum amount of public funding in each of the six offices above, the program cost would be \$2,001,698.44 in the primary election and another \$2,001,698.44 in the general election resulting in an overall cost of \$4,003,396.88 for the 2022 elections. The numbers provided does not include the offices of Hawaii County Council (9 seats), Maui County Council (9 seats) and Kauai County Council (7 seats) which are the other offices up for election in 2022. This analysis is being provided to demonstrate the scope and cost of this program. It also shows that it exceeds the \$3,500,000 minimum required in §11-P.

With respect to Section 8 which provides for additional staff positions, when the Commission administered the comprehensive public funding program for Hawaii County Council pursuant to Act 244, which only affected one office (9 seats), the Commission did not need additional staff. However, this bill contemplates six offices (31 seats) up for election in 2022, and thus, there is a significant impact to the Commission's personnel resources to administer this program in consideration of the abbreviated processing of applications.