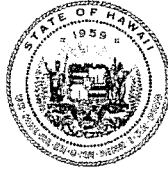


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STATE OF HAWAII
CAMPAIGN SPENDING COMMISSION

235 SOUTH BERETANIA STREET, ROOM 300
HONOLULU, HAWAII 96813

March 12, 2019

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

The Honorable Glenn Wakai, Vice Chair
Senate Committee on Judiciary

Members of the Senate Committee on Judiciary

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

SUBJECT: **Testimony on H.B. No. 1490, H.D. 2, Relating to Campaign Finance**

Friday, March 15, 2019
9:00 a.m., Conference Room 016

Thank you for the opportunity to testify on this bill. The Campaign Spending Commission ("Commission") supports this bill.

This bill amends Hawaii Revised Statutes ("HRS") §11-355 to prohibit officers and board members of state and county contractors for the duration of the government contract with the State, its counties, or any department or agency from directly or indirectly making, or knowingly soliciting, any contributions to a candidate or noncandidate committee. This measure also expands the types of contracts to goods and utilities.



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COMMITTEE ON JUDICIARY

FRIDAY, 3/15/19, 9 AM, Room 016
HB1490 HD2, RELATING TO CAMPAIGN FINANCE

TESTIMONY

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

Chair Rhoads, Vice-Chair Wakai and Committee Members:

The League of Women Voters of Hawaii **strongly supports HB1490 HD2 that extends prohibition of contributions by government contractors etc. to contributions by their sole proprietors, officers and Boards.**

The League of Women Voters believes that political corruption includes the following:

- A candidate or officeholder agrees to vote or work in favor of a donor's interests in exchange for a campaign contribution.
- An officeholder or staff gives greater access to donors.
- An officeholder votes or works to support policies that reflect the preferences of individuals or organizations in order to attract contributions from them.
- A candidate or office holder seeks political contributions implying that there will be retribution unless a donation is given.
- The results of the political process consistently favor the interests of significant campaign contributors.

Hawaii's campaign finance law already prohibits contributions to election campaigns by contractors, suppliers, etc. under contract to state or county governmental agencies. But as is easily seen in summaries of election campaign contributions, the owners, executives, and Board members of contractors, suppliers, etc. continue to make contributions which are easily attributed to their roles vis a vis the companies which are receiving government funds. Such contributions create the appearance if not the actuality of "pay to play", thus eroding trust in government, and can create conflicts of interest for the government officials who evaluate bids for contracts, supplies etc. Hawaii's media have reported on several such relationships between campaign contributions and the receipt of government contracts.

HB1490 HD2 will prevent these currently legal contributions and will be an important step in restoring faith in state and county government. Thank you for the opportunity to submit testimony.

Presentation to The
Committee on Judiciary
March 15, 2019 at 9:00 AM
State Capitol Conference Room 016

Testimony in Opposition to House Bill 1490, HD 2

TO: The Honorable Karl Rhoads, Chair, Committee on Judiciary
The Honorable Glenn Wakai, Vice Chair Committee on Judiciary
Members of the Committee

My name is Neal K. Okabayashi, the Executive Director of the Hawaii Bankers Association (HBA). HBA is the trade association representing banks with branches in Hawaii.

HB 1490, HD 2, will expand the prohibition on contributions from the entity that is a state and county contractor to include officers and board members of the contractor that are individuals and not entities.

This measure raises severe constitutional issues implicated by the First Amendment right of free speech and association. While limitations on political contributions are permissive, a prohibition on contributions from personal funds of an individual is highly questionable.

HBA's objection to this bill is that its reach expands beyond the party to the contract but burdens the constitutional right of an individual's First Amendment rights to contribute out of the individual's personal funds.

One may think that a corporation may only have a few officers and board members but that is not true for many corporations. An officer of a corporation may not even have decision making authority, and likely played no role in obtaining the contract in question.

Disclosure of political contributions is an antidote to the aims of this bill. Disclosure of political contributions was held constitutional in the landmark case of Buckley v. Valeo, 424 U.S. 1 (1976).

In Hawaii, the candidate committee must disclose the contributor by name if the contribution exceeds \$100.00 and if the contribution exceeds \$1,000.00, the individual's occupation and employer must be disclosed. Hawaii has a robust system of disclosures by contributors, including individuals, and because the Campaign Spending Commission website includes the campaign spending reports by candidate committees, it allows interested parties to peruse the reports to ascertain contributors. Further, the annual reports of the Campaign Spending Commission dating back to 2007 reveals no material issues on campaign contributions by individuals but rather only by candidate committees. Thus, besides the constitutional issue, there is no showing that a prohibition on individuals is needed.

Thank you for the opportunity to submit this testimony on HB 1490, HD 2 and for the reasons set forth herein, we oppose this bill. Please let us know if we can provide further information.

Neal K. Okabayashi

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

To: The Senate Committee on the Judiciary
From: Brodie Lockard for the Common Cause Hawaii Board
Date: Friday, March 15, 2019, 9:00 am

In support of HB 1490 HD2

Dear JDC Chair Rhoads, Vice Chair Wakai and Committee Members—

Common Cause Hawaii supports HB 1490 HD2. It should cost the State nothing.

This bill will cover many transactions that could lead to corruption or the perception of it. Its language should protect the public from all manner of possible abuses by special interests with deep pockets.

Please pass HB 1490 HD2 to protect our democracy from the undue influence of those providing goods, utilities, or services to the State, and their officers and board members.

Thank you for the opportunity to testify.

Brodie Lockard
Board Member, Common Cause Hawaii

LATE

HB-1490-HD-2

Submitted on: 3/14/2019 3:36:34 PM

Testimony for JDC on 3/15/2019 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Andrea Quinn	Individual	Support	No

Comments:

Dear Honorable Committee Members:

Please support HB1490. Campaign financing has been increasingly corrupting our democracy. This bill will help to level the playing field.

Thank you for the opportunity to present my testimony.

Andrea Quinn

Kihei