



STATE OF HAWAII
CAMPAIGN SPENDING COMMISSION

235 SOUTH BERETANIA STREET, ROOM 300
HONOLULU, HAWAII 96813

February 24, 2020

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. 2735, H.D. 1, Relating to Elections

Tuesday, February 25, 2020
11:00 a.m., Conference Room 308

Thank you for the opportunity to testify on this bill. The Campaign Spending Commission ("Commission") supports Section 1 of this bill. The Commission also appreciates the intent of the other sections of the bill and offers the following comments.

This measure (Section 1) increases the amount of the administrative fine that the Commission may assess against a Super PAC. Also, this measure (Sections 3 and 6) significantly increases the fees for the filing of nomination papers and places all of the increased filing fees into the Hawaii Election Campaign Fund ("HECF"). This measure also increases the expenditure limits provided in Hawaii Revised Statutes ("HRS") §11-423 by an unspecified percentage per year (Section 4), increases the number of signatures of registered voters needed on nomination papers (Section 5), and moves up the deadline for filing nomination papers from June to May (Section 6).

Section 1 of this bill amends HRS §11-410 by amending subsection (a)(1) by replacing "an individual" with "a person other than a noncandidate committee that makes only independent expenditures" as described in subsection (a)(2) and amending subsection (a)(2) by replacing "corporation, organization, association, or labor union" with "noncandidate committee that makes only independent expenditures and has either received at least one contribution of more than \$10,000 from any one person or has made expenditures of more than 10,000 in the aggregate, in an election period." The bill also increases the amount of a fine that the Commission may assess against a qualified committee that makes only independent expenditures (Super PAC) from an amount not to exceed \$1,000 to an amount not to exceed \$5,000 or an

amount not exceeding three times an unlawful contribution or expenditure. The increase in the amount of the fine is necessary in enforcement cases against Super PACs. Further, the trebling of the amount of an unlawful contribution or expenditure as a fine is already applicable to individuals. It makes sense to extend this potential increased fine to Super PACs. The Commission believes that the higher fine amount will be a more effective deterrent for Super PACs. Section 1 of the bill also allows the Commission to assess fines against the officers of noncandidate committees. Presently, subsection (c) authorizes the Commission to order that fines be paid out of a candidate's personal funds. Section 1 of this bill also deletes the reference to political activities of liquor commission employees (HRS §281-22) in subsection (a).

The Commission supports increasing the amount of public funding available to candidates and additional funding for the HECF. However, the Commission is concerned about the impact of the unspecified amount of the increase being proposed since as of December 31, 2019, the balance of the HECF was \$1,106,169.62. Depending on the final amount of the increase, the HECF may require a general fund appropriation. The HECF is presently funded only by the tax check-off and the interest earned on the balance. Yet, the Commission is concerned that the proposed increases to the filing fees may discourage people from running for office. Finally, the Commission is unaware of the impact of increasing the numbers of registered voters needed on nomination papers and the fiscal impact this bill would have on the Office of Elections and County Clerk Offices by having the nomination papers filing fees deposited into the HECF. The moving up of the deadline for the filing nomination papers will have an impact on other campaign finance provisions (e.g., a candidate's donations to community service or charitable organizations and awarding of scholarships to full-time students).

The Commission requests that this Committee pass Section 1 of this measure.

Statement Before The
HOUSE COMMITTEE ON FINANCE
Tuesday, February 25, 2020
11:00 AM
State Capitol, Conference Room 308

in consideration of
HB 2735, HD1
RELATING TO ELECTIONS.

Chair LUKE, Vice Chair CULLEN, and Members of the House Finance Committee

Common Cause Hawaii supports HB 2735, HD1, which (1) amends the assessment of administrative fines for persons and certain noncandidate committees making only independent expenditures that violate Hawaii's campaign finance laws, (2) allows the Campaign Spending Commission to order that payment of a fine assessed against a noncandidate committee, or any portion thereof, be paid from the personal funds of an officer of the noncandidate committee, (3) requires nomination paper filing fees to be deposited into the Hawaii Election Campaign Fund (HECF), (4) increases the amount of public funds available to candidates who agree to expenditure limits beginning 1/1/2022, (5) increases the number of signatures and fees required to file nomination papers, and (6) amends the deadline to file nomination papers to the first Tuesday in May.

Common Cause Hawaii is a nonprofit, nonpartisan, grassroots organization dedicated to reforming government and strengthening democracy through improving our campaign finance system with laws that amplify the voices of everyday Americans by advocating for money in politics solutions that employ small-dollar donors to make an impact in campaigns and public financing of our elections.

Common Cause Hawaii supports Part I of HB 2735, HD1. Increasing the amount of the fine that may be assessed against a noncandidate committee making only independent expenditures that has received at least one contribution of more than \$10,000, or spent more than \$10,000 in an election period, for campaign spending law violations and allowing the Campaign Spending Commission to order that payment of a fine assessed against a noncandidate committee, or any portion thereof, be paid from the personal funds of an officer of the noncandidate committee are necessary reforms to permit enforcement of campaign spending laws against Super PACs. Under current campaign spending laws, the trebling of the amount of an unlawful contribution or expenditure as a fine is already applicable to individuals. Super PACs should be subject to the same penalties as individuals. The increased fine amount, as proposed under HB 2735, HD1 will hopefully be a more effective deterrent against Super PACs with their deep pockets from violating campaign spending laws.

Common Cause Hawaii supports the intent of Part II of HB 2735, HD1 to increase partial public funding of elections but is concerned with the means by which it proposes to do so. Section 6 of Part II of HB

2735, HD1, Common Cause Hawaii raises the nomination paper filing fees to be deposited in the HECF. The proposed nomination paper filing fee amounts are high and may pose a significant barrier for new candidates, who do not qualify as indigent, filing to run for public office. Even the reduced amounts for candidates who agree to abide by the spending limits are still very high and may pose a significant barrier for such candidates.

Increasing the public funds available for elections to reduce the influence of money in our politics, including outside influences, will benefit our electorate, government, and democracy overall. HB 2735, HD1 Part II Section 4, setting percentage increases compounded annually, despite the increases to nomination fees set forth in the bill to be deposited in the HECF, may need future appropriations from the general fund at some future date, as more people start hopefully using public financing. Currently, the HECF balance, as of December 31, 2019, is \$1,106,169.62.

Further, Common Cause Hawaii is concerned that, for Section 5 of Part II, the number of signers required for nomination papers for those participating in public financing may operate to discourage those from using public financing and may be a barrier to using public financing.

Thank you for the opportunity to testify in support of HB 2735, HD1 with comments. If you have further questions of me, please contact me at sma@commoncause.org.

Very respectfully yours,

Sandy Ma
Executive Director, Common Cause Hawaii





Pono Hawai'i Initiative

Josh Frost - President • Patrick Shea - Treasurer • Kristin Hamada
Nelson Ho • Summer Starr

Tuesday, February 25, 2020

Relating to Elections
Providing support with comments

Aloha Chair and members of the committee,

The Pono Hawai'i Initiative (PHI) **providing support with comments on HB2735, HD1 Relating to Elections**. PHI supports Part I and some of Part II of the measure but has concerns regarding Part II, Section 5. This section requires a high number of signers for nomination papers and this could discourage the use of public financing. Additionally, Section 6 of Part II contains a high filing fee. These fees might create a financial barrier for potential candidates, limiting those without means from running for elected office.

For all these reasons, we urge you to vote in favor of this measure.

Mahalo for the opportunity,
Gary Hooser
Executive Director
Pono Hawai'i Initiative

HB-2735-HD-1

Submitted on: 2/22/2020 5:11:46 PM

Testimony for FIN on 2/25/2020 11:00:00 AM

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

Comments:

Super PACs should be subject to the same penalties as individuals. Increasing public funds for elections can reduce the influence of money in our politics, benefitting our democracy. But the number of signers required will discourage using public financing & will be a barrier as will the high amount of the nomination paper filing fee.

HB-2735-HD-1

Submitted on: 2/23/2020 11:00:14 AM

Testimony for FIN on 2/25/2020 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Caroline Kunitake	Individual	Support	No

Comments:

Dear Chair Luke and Members of the Committee on Finance,

I am writing in support of HB2735 HD1 with comments.

- Common Cause Hawaii supports Part I of HB 2735, HD1. Increasing the amount of the fine that may be assessed against a noncandidate committee making only independent expenditures that has received at least one contribution of more than \$10,000, or spent more than \$10,000 in an election period, for campaign spending law violations and allowing the Campaign Spending Commission to order that payment of a fine assessed against a noncandidate committee, or any portion thereof, be paid from the personal funds of an officer of the noncandidate committee are necessary reforms to permit enforcement of campaign spending laws against Super PACs. Under current campaign spending laws, the trebling of the amount of an unlawful contribution or expenditure as a fine is already applicable to individuals. Super PACs should be subject to the same penalties as individuals. The increased fine amount, as proposed under HB 2735, HD1 will hopefully be a more effective deterrent against Super PACs with their deep pockets from violating campaign spending laws.
- Common Cause Hawaii supports Part II to increase partial public funding of elections. To increase public funds for elections to reduce the influence of money in our politics, including outside influences, will benefit our electorate, government, and democracy overall. HB 2735, HD1 Part II Section 4, setting percentage increases compounded annually, may only be sustained through regular appropriations from the general fund, which Common Cause Hawaii asks this Committee to do.
- However, Common Cause Hawaii is concerned that, for Section 5 of Part II, the number of signers required for nomination papers for those participating in public financing will operate to discourage those from using public financing and will be a barrier to using public financing.

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- Additionally, for Section 6 of Part II of HB 2735, HD1, Common Cause Hawaii is concerned about the high amount of the nomination paper filing fee to be deposited in the HECF, although it is much needed. The amounts proposed are very high and may pose a significant barrier for new candidates, who do not qualify as indigent, filing to run for public office. Even the reduced amounts for candidates who agree to abide by the spending limits are still very high and may pose a significant barrier for such candidates.

Thank you for the opportunity to testify in support of HB 2735, HD1. We ask that general funds be appropriate to sustain any percentage increase set in Section 4, Part II, and please pass this out of your Committee.

Mahalo,

Caroline Kunitake

HB-2735-HD-1

Submitted on: 2/23/2020 7:11:12 PM

Testimony for FIN on 2/25/2020 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
tlaloc tokuda	Individual	Support	No

Comments:

1. [HB2735](#) Omnibus bill dealing with Elections; Campaign Spending Commission Fines; Independent Expenditures; Partial Public Financing; Nomination Papers. I **SUPPORT** with comments, i am a volunteer for Common Cause HI.
- I supports Part I of HB 2735, HD1. Increasing the amount of the fine that may be assessed against a noncandidate committee making only independent expenditures that has received at least one contribution of more than \$10,000, or spent more than \$10,000 in an election period, for campaign spending law violations and allowing the Campaign Spending Commission to order that payment of a fine assessed against a noncandidate committee, or any portion thereof, be paid from the personal funds of an officer of the noncandidate committee are necessary reforms to permit enforcement of campaign spending laws against Super PACs. Under current campaign spending laws, the trebling of the amount of an unlawful contribution or expenditure as a fine is already applicable to individuals. Super PACs should be subject to the same penalties as individuals. The increased fine amount, as proposed under HB 2735, HD1 will hopefully be a more effective deterrent against Super PACs with their deep pockets from violating campaign spending laws.
 - Common Cause Hawaii supports Part II to increase partial public funding of elections. To increase public funds for elections to reduce the influence of money in our politics, including outside influences, will benefit our electorate, government, and democracy overall. HB 2735, HD1 Part II Section 4, setting percentage increases compounded annually, may only be sustained through regular appropriations from the general fund, which Common Cause Hawaii asks this Committee to do.

- However, Common Cause Hawaii is concerned that, for Section 5 of Part II, the number of signers required for nomination papers for those participating in public financing will operate to discourage those from using public financing and will be a barrier to using public financing.
- Additionally, for Section 6 of Part II of HB 2735, HD1, Common Cause Hawaii is concerned about the high amount of the nomination paper filing fee to be deposited in the HECF, although it is much needed. The amounts proposed are very high and may pose a significant barrier for new candidates, who do not qualify as indigent, filing to run for public office. Even the reduced amounts for candidates who agree to abide by the spending limits are still very high and may pose a significant barrier for such candidates.
- Thank you for the opportunity to testify in support of HB 2735, HD1. We ask that general funds be appropriate to sustain any percentage increase set in Section 4, Part II, and please pass this out of your Committee.

Tlaloc Tokuda

Kailua Kona HI 96740

HB-2735-HD-1

Submitted on: 2/24/2020 8:11:09 AM

Testimony for FIN on 2/25/2020 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Golojuch Jr	Individual	Support	No

Comments:

HB-2735-HD-1

Submitted on: 2/24/2020 11:34:17 AM

Testimony for FIN on 2/25/2020 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Edward B Hanel Jr	Individual	Support	Yes

Comments:

Concur with CommonCause Hawaii comments, including reservations about monetary thresholds, concerning HB2735

LATE

HB-2735-HD-1

Submitted on: 2/25/2020 10:33:55 AM

Testimony for FIN on 2/25/2020 11:00:00 AM

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

Comments: