

STAND. COM. REP. NO.

876

Honolulu, Hawaii

, 2021

MAR 05

RE: H.B. No. 1118
H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 1118, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CAMPAIGN SPENDING,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Amend the definition of "noncandidate committee" under campaign finance laws to mean any organization, association, party, or individual that is financially involved in the political process; and
- (2) Require noncandidate committees to provide to the Campaign Spending Commission a list of donors whose money was given by a 501(c)(4) organization to the noncandidate committee to fund an advertisement or electioneering communication.

Your Committee received testimony in opposition to this measure from the Campaign Spending Commission. Your Committee received comments on this measure from Common Cause Hawaii.

Your Committee finds that dark money is often used to raise funds for the purpose of influencing elections by nonprofit organizations, including 501(c)(4) organizations, that are not

2021-2063 HB1118 HD2 HSCR HMSO



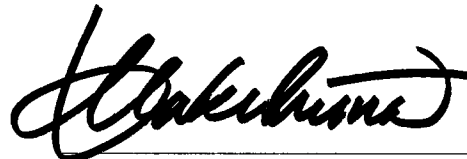
required to disclose the identities of their donors. Your Committee further finds that 501(c)(4) organizations are tax-exempt, nonprofit organizations operated exclusively to promote social welfare. Although the promotion of social welfare does not include direct or indirect participation or intervention in political campaigns on behalf of or in opposition to any candidate for public office, the Internal Revenue Code states that social welfare organizations may engage in some political activities, so long as that is not their primary activity. As a result, 501(c)(4) organizations may be engaging in and spending unregulated amounts of money on political activity without any consequences or oversight.

Your Committee believes that this measure will provide more transparency in elections and build trust between the public and elected officials by requiring more transparency.

Your Committee has amended this measure by requiring that the list of donors include donors contributing more than \$5,000 in the aggregate in an election period.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1118, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1118, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,



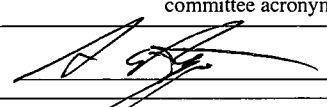
MARK M. NAKASHIMA, Chair



State of Hawaii
House of Representatives
The Thirty-first Legislature

H SCR 876

Record of Votes of the Committee on Judiciary & Hawaiian Affairs

Bill/Resolution No.: HB 1118, HD1	Committee Referral: GVR, JHA	Date: 1-24-21		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
JHA Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)	✓			
2. MATAYOSHI, Scot Z. (VC)	✓			
3. ICHIYAMA, Linda				✓
4. KOBAYASHI, Dale T.	✓			
5. LoPRESTI, Matthew S.	✓			
6. LOWEN, Nicole E.		✓		
7. McKELVEY, Angus L.K.	✓			
8. NAKAMURA, Nadine K.		✓		
9. TAKUMI, Roy M.	✓			
10. TODD, Chris	✓			
11. TOKIOKA, James Kunane				✓
12. WARD, Gene		✓		
TOTAL (12)	7	3	0	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				