

Honolulu, Hawaii

FEB 18 , 2022

RE: H.B. No. 2416  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Government Reform, to which was referred  
H.B. No. 2416 entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Authorize persons to establish a separate campaign-related account to make disbursements for electioneering communications, independent expenditures, or contributions;
- (2) Prohibit a person with a separate campaign related account from making disbursements for electioneering communications, independent expenditures, or contributions from any source other than that account;
- (3) Require the disclosure of the name and address of donors who donate an aggregate of more than \$100 during an election period to a noncandidate committee, with certain exceptions; and
- (4) Require persons who make an expenditure for electioneering communications in an aggregate amount of more than \$1,000 to include in the statement of



information filed with the Campaign Spending Commission the name and address of the top five donors based on the last in, first out accounting method.

Your Committee received testimony in opposition to this measure from the Sierra Club of Hawai'i.

Prior to the hearing on this measure, your Committee posted and made available for public review a proposed H.D. 1, which amends this measure by limiting its applicability to nonprofit corporations and:

- (1) Deleting language authorizing persons to establish and use a separate campaign-related account;
- (2) Clarifying the definitions of "last in, first out" and "disclosure date";
- (3) Inserting a definition for "nonprofit organization";
- (4) Specifying when nonprofit organizations do not have to include the names and addresses of certain donors in the noncandidate committee report and late contribution report; and
- (5) Requiring a statement of information filed by a nonprofit organization for electioneering communications expenditures to include the name and address of the top three donors, rather than top five donors.

Your Committee received testimony in opposition to the proposed H.D. 1 from the Sierra Club of Hawai'i. Your Committee received comments on the proposed H.D. 1 from the Campaign Spending Commission and Common Cause Hawaii.

Your Committee finds that dark money campaign spending occurs when an organization, such as a section 501(c)(4) nonprofit organization, raises funds through donations, then uses the donations on campaign expenditures without disclosing the identity of the donors in an attempt to influence elections. Your Committee further finds that the State's existing campaign finance laws fail to reveal the true source of dark money campaign spending. Your Committee believes the proposed H.D. 1 will enhance existing campaign spending disclosure requirements to



ensure that the true source of campaign spending is disclosed to the electorate.

Your Committee notes that the proposed H.D. 1 is intended to only apply to nonprofit organizations that meet the existing requirements under law for noncandidate committees. Your Committee believes there is a compelling state interest in monitoring these nonprofit organizations to ensure they are not improperly using funds to influence the political process. With that in mind your Committee further notes that the proposed H.D. 1 will not apply to nonprofit organizations that do not engage in campaign-related activities and are not required to register with the Campaign Spending Commission as a noncandidate committee.

Your Committee has further amended the proposed H.D. 1 by:

- (1) Inserting an effective date of July 1, 2112, the proposed H.D. 1 to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments to the proposed H.D. 1 for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Government Reform that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2416, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2416, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.

Respectfully submitted on  
behalf of the members of the  
Committee on Government Reform,



ANGUS L.K. MCKELVEY, Chair



