

Honolulu, Hawaii

MAR 04 , 2022

RE: H.B. No. 2416
H.D. 2

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

Sir:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 2416, 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 inform the public of the true sources of dark money contributions by requiring:

- (1) Section 501(c)(4) nonprofit organizations to disclose the name and address of donors who donate an aggregate of more than \$100, with certain exceptions; and
- (2) 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 three contributors or donors that contributed or donated an aggregate of more than \$100 based on the last in, first out accounting method, with certain exceptions.

Your Committee received testimony in opposition to this measure from the Sierra Club of Hawai'i. Your Committee received comments on this measure from the Department of the Attorney General, Campaign Spending Commission, and 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 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:

- (1) Amending the consent procedures for when nonprofit organizations can use donations for electioneering communications, independent expenditures, or contributions and must report donor information pursuant to elections laws;
- (2) Requiring the statement of information filed with the Campaign Spending Commission to include the name and address of the top three contributors or donors that contributed or donated an aggregate of more than \$100 in the preceding twelve-month period, rather than based on the last in, first out accounting method; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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. 2416, H.D. 1, as amended herein, and recommends that it



pass Third Reading in the form attached hereto as H.B. No. 2416,
H.D. 2.

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



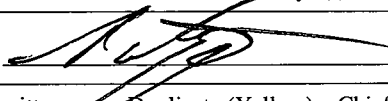
MARK M. NAKASHIMA, Chair



State of Hawaii
House of Representatives
The Thirty-first Legislature

HSR 945-22

Record of Votes of the Committee on Judiciary & Hawaiian Affairs

Bill/Resolution No.: HB 2416, HD1	Committee Referral: EVR, JHA	Date: 2-25-22		
<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. TOKIOKA, James Kunane	✓			
11. WARD, Gene	✓			
TOTAL (11)	8	1	1	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				