

EXECUTIVE CHAMBERS

HONOLULU

June 24, 2002

ORIGINAL

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 2431

Honorable Members
Twenty-First Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 2431, entitled "A Bill for an Act Relating to Campaign Spending."

The original purpose of this bill was to reform Hawaii's Campaign Spending Law by regulating political contributions by corporations and certain other types of organizations in the same manner as federal law, i.e., to prohibit contributions and expenditures directly by those entities. Instead, such organizations would be allowed to establish a "separate segregated fund" or "SSF," funded by voluntary contributions from certain classes of employees and executives, which could then make contributions.

Senate Bill No. 2431 has some good features; however, it has a major flaw that I find unacceptable. Unlike the federal campaign spending law, which regulates campaign contributions to both the Executive (President and Vice President of the United States) and the Legislative (Congress) branches of the federal government, Senate Bill No. 2431 exempts the Hawaii State Legislature from being covered.

To approve this bill would be to give the public the impression that meaningful campaign spending reform has occurred. It has not.

The State Campaign Spending Commission provided the initial language for the bill, which essentially mirrored federal

law covering both branches of the federal government. The Hawaii State Legislature, however, amended the bill to exempt itself.

The Commission has urged me to approve the bill, arguing that it is a good first step and that it will try to convince the State Legislature to amend the law to include itself in the next legislative session.

With all due respect to the Commission for its hard work, I believe that if I approve the bill and sign it into law, there will be little motivation for the Legislature to amend the new law to include itself in the next session.

According to a June 5, 2002, memorandum I received from Robert Y. Watada, Executive Director of the Campaign Spending Commission, the "Senate Committee balked at (a) . . . blanket prohibition because they felt that they would not be able to receive contributions from state or county contractors, even though they were not party to the contracts."

The Senate committee inserted language to narrow the prohibition of contributions to certain offices, an action that the Commission deemed to be discriminatory and possibly unconstitutional. The Commission then suggested the current language, which establishes the condition that "a contribution to the giver of public funds is barred." In other words, a business that contributes to a candidate running for office in the Executive Branch is prohibited, for a two-year period from the date of the contribution, from receiving a state or city contract.

This language, which the Commission believes meets Constitutional muster, is an example of the contortions the Commission had to undertake because the Senate demanded that the Legislature be exempted.

The federal campaign spending law covers both the Executive and Legislative branches of government because the conditions that give rise to influence buying through campaign contributions can potentially affect every elected office in the federal government.

Unlike the members of the United States Congress who are not permitted to hold other jobs, Hawaii's State Legislature is a part-time body that allows legislators to hold other employment, run their own businesses, and sit as directors on the boards of private corporations and other businesses. Consequently, Hawaii State Legislators, like state legislators in most states, have a greater potential for acting on legislation that may have significant financial implications for their employers, their own businesses, or the corporations or businesses on which they hold directorships.

Committee chairpersons, in particular, wield great power on the passage or non-passage of legislation desired by special interests. A brief review of some of the legislation I have vetoed illustrates this point.

Senate Bill No. 2306, for example, is worth tens of millions of dollars in rental relief to airport concessionaires. Senate Bill No. 2907 may be worth as much as \$75 million in tax credits to landowners and developers of the Ko Olina Resort project. Senate Bill No. 2723, which I vetoed at the urging of the mayors of Maui and Hawaii counties, would generate additional business for companies in the food recycling business at the counties' expense. Every legislative session, special interest groups urge legislators to support bills that will generate financial benefits for them, sometimes at the expense of other special interest groups.

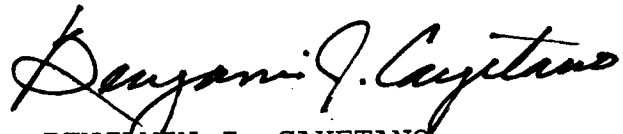
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The point of these examples is not that they are illegal or unworthy -- after all, it is the right of every citizen, business, labor union, or special interest groups to lobby their elected officials -- rather it is to illustrate that the work of the Legislature often gives rise to the very same kind of conflict-of-interest problems Senate Bill No. 2431 purports to address in the Executive Branch.

This is why the federal law applies the same restrictions on campaign contributions to both the Executive and Legislative branches of government. I do not see any reason why Senate Bill No. 2431 should treat the State Executive and Legislative branches differently. To approve this bill would be a disservice to the public.

For the foregoing reasons, I am returning Senate Bill No. 2431 without my approval.

Respectfully,

A handwritten signature in black ink, reading "Benjamin J. Cayetano". The signature is written in a cursive style with a large initial 'B'.

BENJAMIN J. CAYETANO
Governor of Hawaii

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P R O C L A M A T I O N

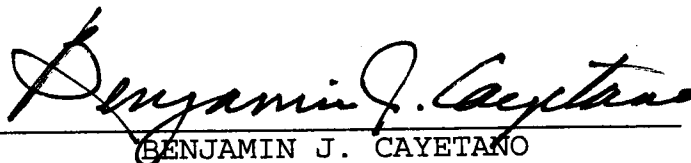
WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, Senate Bill No. 2431, entitled "A Bill for an Act Relating to Campaign Spending," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, Senate Bill No. 2431 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, BENJAMIN J. CAYETANO, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return Senate Bill No. 2431 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 24th day
of June, 2002.



BENJAMIN J. CAYETANO
Governor of Hawaii