A BILL FOR AN ACT

RELATING TO CAMPAIGN FINANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that the state constitution requires it to establish partial public financing of campaigns for public offices of the State and its political subdivisions. Candidate public financing programs are voluntary programs in which public funds are provided to candidates who agree to limit their campaign spending. The primary purpose of these types of programs is to reduce the role of large amounts of private money raised in political campaigns and the obligations that are or can appear to be associated with these contributions. With the influence of dark money on political campaigns, the role of public financing becomes more crucial than ever.

Hawaii established a partial public funding program to allow candidates running for elective office to run a competitive campaign by awarding moneys from the State. To qualify for partial public financing, a candidate is required to raise a set minimal amount, which the State will match. The
legislature believes that expanding the current program will allow a wider breadth of candidates to run for office and will dampen the influence or perceived influence of private money on political campaigns.

Accordingly, the purpose of this Act is to increase campaign financing opportunities for candidates running for a county office.

SECTION 2. Chapter 11, part XIII, Hawaii Revised Statutes, is amended by adding a new subpart to be appropriately designated and to read as follows:

" . COMPREHENSIVE PUBLIC FUNDING FOR COUNTY ELECTIONS

§11-A Definitions. When used in this subpart, unless the context clearly requires otherwise:

"Candidate" means an individual who seeks nomination for election or seeks election for a county office.

"Candidate's committee" means a candidate committee, as defined in section 11-302, that makes an expenditure or accepts a contribution on behalf of a candidate for nomination for election or election to a county elected position, with the candidate's authorization.
"Certification for public funding" means the decision by the commission that a candidate is certified to receive public funding in accordance with this subpart.

"Certified candidate" or "publicly-funded candidate" means a candidate who is certified by the commission as eligible for public funding under this subpart and who agrees to abide by the requirements of this subpart.

"Declaration of intent to seek public funding" means the form completed by a candidate seeking public funding, the filing of which triggers the candidate's ability to begin collecting qualifying names and contributions.

"Excess expenditure" means the amount of public funds spent or obligated to be spent by a publicly-funded candidate in excess of one hundred per cent of the allocated funds for a primary election, general election, or both.

"General election campaign period" means the period beginning the day after the primary election and ending on general election day.

"General election year" means the period commencing January 1 of an even-numbered year in which a general election is held and ending on the general election day.
"Primary election campaign period" means the period in a general election year beginning with the certification for public funding under this subpart and ending on the primary election day.

"Public funding" or "public funds" means campaign funds from the Hawaii election campaign fund under section 11-421, received by a certified candidate pursuant to this subpart.

"Qualifying contribution" means a monetary contribution made in the form of a check or a money order accompanied by a signed receipt that confirms that the contributor purchased the money order, payable to the Hawaii election campaign fund for purposes of meeting the criteria of section 11-E.

"Seed money" means contributions made to a candidate by an individual in accordance with section 11-D and expended for the purpose of determining campaign viability.

"Surplus campaign funds" means any campaign contributions not spent during a prior election period by a candidate who previously sought nomination or election as a privately-funded candidate.
§11-B Applicability. There is established a public funding program under this subpart for all county elections beginning with the 2022 elections.

§11-C Qualifications for public funding for county election candidates. (a) A candidate may seek public funding for the primary election campaign period if the candidate:

(1) Resides in the county from which election is sought as of the date of the filing of nomination papers for the primary election in the general election year in which the candidate seeks to be nominated or elected;

(2) Is a registered voter in the county from which election is sought;

(3) Files a declaration of intent to seek public funding with the commission between December 1 of the year prior to the general election year and thirty days before the closing date to file nomination papers to run for the office for which the candidate intends to seek election;

(4) Collects qualifying names and contributions in accordance with section 11-E;
(5) Accepts only the following contributions prior to applying for certification as a publicly-funded candidate:

(A) Seed money contributions until the candidate files a declaration of intent to seek public funding; and

(B) Qualifying contributions that may be accepted only after filing the declaration of intent to seek public funding; and

(6) Files an application for certification for public funding with the commission.

(b) A candidate is qualified to seek public funding for the general election campaign period if the candidate:

(1) Was certified as a publicly-funded candidate during the primary election campaign period immediately preceding the general election in which the funds under this subpart are provided; and

(2) Received a sufficient number of votes to appear on the ballot in the general election or is otherwise certified by the county clerk to be placed on the ballot in the general election.
§11-D  Seed money contributions; limitations on use of seed
money; penalties. (a) The use of seed money shall be limited
to expenditures necessary to determine whether sufficient
support exists for a candidate to run for office as a publicly-
funded candidate; provided that no candidate shall be eligible
to receive public funds under this subpart unless the candidate
has received or expended at least $ in seed money.

(b) The amount of seed money received, expended, or both,
by a candidate seeking eligibility for public funding for a
county elected seat shall not exceed $3,000, which shall include
any personal funds, surplus campaign funds, or contributions
received from individuals in an aggregate amount no greater than
$200 each that the candidate may choose to use.

(c) A candidate seeking eligibility for public funding
shall not accept contributions of seed money from any individual
whose contributions are prohibited under subpart E or for which
the information required to be reported pursuant to section 11-
I(h) is not available. The candidate or candidate's committee
shall record all information required for reporting under
section 11-I(h). All contributors whose seed money has been
accepted shall be issued a receipt by the candidate.
(d) Seed money shall not be collected after the candidate has filed the declaration of intent to seek public funding, which shall be filed no later than thirty days prior to the closing date to file nomination papers to run for the office for which the candidate intends to seek election. The candidate shall spend seed money only until the candidate is certified by the commission as a publicly-funded candidate or the closing date to file nomination papers to run for the office for which the candidate intends to seek election, whichever occurs first.

(e) Any unspent seed money shall be deducted from the amount of public funding provided to the certified candidate if the certified candidate does not donate the unspent seed money to the Hawaii election campaign fund.

(f) A certified candidate who has surplus campaign funds from a previous election is prohibited from using those funds for anything other than seed money pursuant to this section and in-office constituent communications pursuant to section 11-J(b). The surplus campaign funds shall be frozen and maintained in a separate depository account from that established for the public funds under section 11-L; provided that funds used for seed money shall be deposited according to section 11-L(a). The
candidate shall continue to file reports on the surplus campaign funds in accordance with subpart D, or as otherwise may be required by the commission.

§11-E Application for public funds; qualifying names; qualifying contributions. (a) Candidates seeking certification for public funding for a county office shall submit an application for certification that contains at least two hundred printed qualifying names with addresses and signatures, of which at least shall be accompanied by a qualifying contribution of $5, in the same name.

(b) To be counted as a qualifying name, with or without an accompanying qualifying contribution, the name shall be from an individual who is a registered voter and who resides within the respective county from which the candidate seeks nomination or election at the time the contribution is given. Nothing of value shall be given to the individual in exchange for the qualifying contribution.

(c) No candidate shall collect any qualifying name, with or without an accompanying qualifying contribution, prior to the candidate filing a declaration of intent to seek public funding with the commission.
(d) Any receipt for a qualifying contribution shall be made in a form prescribed by the commission pursuant to section 11-0.

(e) All qualifying contributions collected by a candidate, whether or not the candidate is certified, shall be deposited into the Hawaii election campaign fund.

(f) The application for certification shall contain any other information deemed necessary and appropriate by the commission and include a self-subscribing oath for the candidate and the candidate's campaign treasurer to swear to the truth of the allegations in the application. The application shall be submitted to the commission no later than thirty days prior to the primary election and shall be signed by the candidate and the candidate's campaign treasurer.

§11-F Certification of qualification for public funds.

(a) The commission, in coordination with the clerk for the county from which election is sought, shall verify that:

(1) At least the minimum required qualifying names and qualifying contributions were received from registered voters in the county from which the candidate seeks election;
(2) The candidate resides in the county from which

election is sought as of the date of the filing of

nomination papers; and

(3) The candidate is a registered voter in the county from

which election is sought.

The county clerk shall provide to the commission the information

required to verify qualifying names and contributions and the

candidate's residency and voter registration status, including

the names, addresses, and signatures of registered voters in

that county collected pursuant to section 11-E.

(b) The commission shall issue a decision to certify or

deny certification of a candidate as a publicly-funded candidate

within ten business days following receipt of the candidate's

completed application for certification for the receipt of

public funds.

(c) After a candidate is certified, the candidate's

certification shall apply to both the primary and the general

elections.

(d) Initial certification and all determinations by the

commission under this section are final and conclusive, except
§11-G Public funds to be distributed to certified candidates. (a) Each certified candidate for a county election shall receive public funding of four times the first $50 of each donation, or four times the amount of every donation received up to $50; provided that the candidate agrees to cap all donations at $200.

(b) Upon the commission's approval of the application and statement of qualifying contributions, the commission shall direct the comptroller to distribute the public funds allowed by this section from the Hawaii election campaign fund by check or, when possible, by an automatic transfer of funds. Public funds shall be distributed to the candidate within twenty days from the date that the candidate's initial application and qualifying contribution statement is approved by the commission.

(c) The commission shall be under no obligation to provide moneys to a candidate if moneys in the Hawaii election campaign fund are near depletion as determined by the commission pursuant to section 11-P.
§11-H Contributions and expenditures; penalties. (a) A certified candidate shall comply with the following restrictions on contributions and expenditures:

(1) Upon certification for public funding and until the end of the general election campaign period, a candidate shall not accept for use in the campaign:

(A) Contributions from any person;

(B) Loans from any person, including a certified candidate;

(C) Contributions from political parties; and

(D) Any campaign material purchased or held from a date prior to filing the declaration of intent to seek public funds; and

(2) Upon certification for public funding and until the end of the general election campaign period, a candidate shall not expend for campaign purposes:

(A) Any money except public funds issued by the commission;

(B) Public funds for purposes other than those permitted in this subpart; and
(C) Public funds outside the applicable campaign period.

(b) A certified candidate who accepts contributions in violation of this section shall be subject to a fine equal to three times the public funding received, in addition to any other action, fines, or prosecution under section 11-N and subpart I, or any provision of the Hawaii penal code.

(c) A certified candidate who makes expenditures of more than one hundred per cent of the public funds allocated to the candidate shall repay to the Hawaii election campaign fund an amount equal to three times the excess expenditures.

§11-I Publicly-funded candidate; reporting. (a) A certified candidate and the certified candidate's committee shall furnish to the commission complete campaign records, including all records of seed money contributions, qualifying contributions, and expenditures. A certified candidate shall fully cooperate with any audit or examination by the commission.

(b) The reporting requirements for certified candidates under this subpart or that may be required by the commission shall be in addition to any other reporting requirement under this part.
(c) An individual who uses seed money to determine whether sufficient support exists to run for office as a publicly-funded candidate and who is not already registered with the commission shall register as a candidate by filing the organizational report required by section 11-321, within ten days of receiving more than $100 in seed money, either from contributions or personal funds.

(d) All reports required by subpart D, seed money reports, and post-election reports shall be filed with the commission.

(e) Seed money reports shall be filed with the commission no later than:

1. January 31 of a general election year;
2. April 30 of a general election year; and
3. Twenty days prior to the primary election.

(f) Each report shall be current through:

1. The six-month period ending on December 31 for the report filed on January 31;
2. The three-month period ending on March 31 for the report filed on April 30; and
(3) Thirty days prior to the primary election for the report filed twenty days prior to the primary election.

(g) The seed money reports shall include:

(1) The candidate committee's name and address;

(2) The amount of cash on hand at the beginning of the reporting period;

(3) The reporting period and aggregate total for each of the following categories:

(A) Contributions;

(B) Expenditures; and

(C) Other receipts; and

(4) The cash on hand at the end of the reporting period.

(h) Schedules filed with the seed money reports shall also include:

(1) The amount and date of deposit of each contribution and the name and address of each contributor who makes contributions aggregating more than $100 in an election period; provided that if all the information is not on file, the contribution shall be returned to the contributor within thirty days of deposit;
(2) All expenditures made, including the name and address of each payee and the amount, date, and purpose of each expenditure. Expenditures for consultants, advertising agencies and similar firms, credit card payments, salaries, and candidate reimbursements shall be itemized to permit a reasonable person to determine the ultimate intended recipient of the expenditure and its purpose; and

(3) The amount, date of deposit, and description of other receipts and the name and address of the source of each of the other receipts.

(i) Post-election reports shall be submitted to the commission no later than twenty days after a primary election and no later than thirty days after a general election certifying that all public funds paid to the certified candidate have been used as required by this subpart. The post-election reports shall include information regarding all expenditures made, including the name and address of each payee and the amount, date, and purpose of each expenditure. Expenditures for consultants, advertising agencies and similar firms, credit card payments, salaries, and candidate reimbursements shall be
itemized to permit a reasonable person to determine the ultimate
intended recipient of the expenditure and its purpose.

(j) All certified candidates shall file the reports
required under this subpart by electronic means in the manner
prescribed by the commission.

§11-J Publicly-funded candidate; continuing obligation.

(a) A certified candidate shall comply with all requirements
under this subpart through the general election campaign period,
except as provided in subsection (d), regardless of whether the
certified candidate maintains eligibility for public funding in
the general election campaign period.

(b) Any surplus campaign funds up to $4,000 for a
certified candidate elected to the office sought may be carried
over to pay for in-office constituent communications.
Expenditures for these communications shall not exceed $2,000
per year or $4,000 for a two-year term.

(c) If the total surplus for a certified candidate who is
elected to office falls under $4,000, subsection (d)
notwithstanding, the office holder shall be allowed to raise the
difference with private contributions pursuant to subpart E in
an aggregate amount of $2,000 per year; provided that each
contribution shall be made by an individual and each individual shall be limited to contributing $200 in the aggregate for the election period.

(d) Except for seed money contributions and qualifying contributions, a certified candidate who is elected to the office sought shall not accept private contributions from any person until either September 1 of the next odd-numbered year following the general election in which the candidate was last elected, or the date when the commission determines there are insufficient funds under section 11-P, whichever occurs earlier.

(e) If a certified candidate withdraws from the primary election or the general election, all unexpended public funds received by the candidate under this subpart shall be returned to the Hawaii election campaign fund within thirty days after withdrawal.

(f) A certified candidate who is successful in the primary election may carry over any unexpended public funds to the general election; provided that the certified candidate has an opponent in the general election. If the certified candidate does not have an opponent in the general election, the certified candidate shall return all unexpended public funds received by
the certified candidate under this subpart to the Hawaii
election campaign fund within thirty days after the primary
election.

(g) A certified candidate who is not successful in the
primary or general election shall return all unexpended public
funds received by the certified candidate under this subpart to
the Hawaii election campaign fund within thirty days after the
election in which the candidate was not successful.

§11-K Public funding; permitted uses. (a) Public funds
shall be used only for the purpose of defraying expenses
directly related to the certified candidate's campaign during
the primary or general election campaign period for which the
public funds are allocated.

(b) A candidate receiving funds under this subpart or the
candidate's campaign treasurer shall not transfer any portion of
the funds provided under this subpart to any other candidate for
another campaign.

§11-L Deposit of, and access to, public funds. (a) All
public funds and seed money received by a certified candidate
shall be deposited directly into a depository institution as
provided under section 11-351(a) and section 11-D(f) and
accessed through the use of debit cards and bank checks. No expenditure of public funds received under this subpart shall be made except by debit cards or bank checks drawn on the account.

(b) All reports required under subpart D and this subpart for financial disclosure shall include the most recent, available bank statement from the depository institution holding the public funds, as attested to by the candidate's committee.

§11-M Deposit of money into the Hawaii election campaign fund. The following moneys shall be deposited into the Hawaii election campaign fund established under section 11-421:

(1) Appropriations made by the legislature for the purposes of this subpart;
(2) Excess seed money contributions;
(3) Qualifying contributions, including any excess qualifying contributions of certified candidates;
(4) Unspent public funds distributed to any certified candidate;
(5) Fines levied by the commission for violation of this subpart;
(6) One per cent surcharge on judicial fines as directed pursuant to section 706-640; and
(7) Voluntary donations made for the purposes of this
subpart.

§11-N Violations; penalties. Any candidate who knowingly
seeks or receives contributions, attempts to take any action, or
takes any action to fraudulently qualify for or receive public
funding shall:

(1) Have the candidate's certification for public funding
revoked. Upon revocation of certification, the
certified candidate shall repay all public funds
received within ten business days to the Hawaii
election campaign fund; and

(2) Be subject to fines and penalties as specifically
provided in this subpart and other fines or penalties
pursuant to sections 11-410 and 11-412, and the Hawaii
penal code.

§11-0 Forms; receipts; candidate guide. The commission
shall create and publish all forms and receipts required as well
as a candidates' guide to the comprehensive public funding
program that shall include an explanation of rules and
procedures applicable to candidates.
§11-P Sufficiency of funding for comprehensive public funding. On September 1 of each odd-numbered year before a general election year, the commission shall determine whether there is a minimum of $3,500,000 in the Hawaii election campaign fund established under section 11-421 to certify candidates during the next election and provide funding for the comprehensive public funding program authorized under this subpart.

If the commission determines that there is sufficient funding, then within five business days, the commission shall publish notice statewide, pursuant to section 1-28.5, that the comprehensive public funding program shall become effective on January 1 of the following year. If there is insufficient funding, sections 11-C through 11-H shall be inoperative until the commission next determines that sufficient funding is available pursuant to this section."

SECTION 3. Section 11-421, Hawaii Revised Statutes, is amended to read as follows:

"[+]§11-421[+] Hawaii election campaign fund; creation.

(a) The Hawaii election campaign fund is created as a trust fund within the state treasury.
(b) The fund shall consist of:

(1) All moneys collected from persons who have designated a portion of their income tax liability to the fund as provided in section 235-102.5(a);

(2) Any general fund appropriations; [and]

(3) All moneys designated for deposit into the fund pursuant to section 11-M;

(4) All moneys from judicial fines designated for deposit into the fund as provided in section 706-640; and

(5) Other moneys collected pursuant to this part.

(c) Moneys in the fund shall be paid to candidates by the comptroller as prescribed in [sections] sections 11-431 and 11-G and may be used for the commission's operating expenses, including staff salaries and fringe benefits."

SECTION 4. Section 11-431, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) Upon the commission's approval of the application and statement of qualifying contributions, the commission shall direct the comptroller to distribute matching public funds up to the maximum amount of public funds allowed by section 11-425[1] by check or, when possible, by an automatic transfer of funds.
Public funds shall be distributed to the candidate within twenty
days from the date that the candidate's initial application and
qualifying contribution statement is approved by the
commission."

SECTION 5. Section 706-640, Hawaii Revised Statutes, is
amended to read as follows:

"§706-640 Authorized fines. (1) A person who has been
convicted of an offense may be sentenced to pay a fine not
exceeding:

(a) $50,000, when the conviction is of a class A felony,
murder in the first or second degree, or attempted
murder in the first or second degree;
(b) $25,000, when the conviction is of a class B felony;
(c) $10,000, when the conviction is of a class C felony;
(d) $2,000, when the conviction is of a misdemeanor;
(e) $1,000, when the conviction is of a petty misdemeanor
or a violation;
(f) Any higher amount equal to double the pecuniary gain
derived from the offense by the defendant;
(g) Any higher or lower amount specifically authorized by
statute.
(2) Notwithstanding section 706-641, the court shall impose a mandatory fine upon any defendant convicted of theft in the first or second degree committed by receiving stolen property as set forth in section 708-830(7). The fine imposed shall be the greater of double the value of the stolen property received or $25,000 in the case of a conviction for theft in the first degree; or the greater of double the value of the stolen property received or $10,000 in the case of a conviction for theft in the second degree. The mandatory fines imposed by this subsection shall not be reduced except and only to the extent that payment of the fine prevents the defendant from making restitution to the victim of the offense, or that the defendant's property, real or otherwise, has been forfeited under chapter 712A as a result of the same conviction for which the defendant is being fined under this subsection.

Consequences for nonpayment shall be governed by section 706-644; provided that the court shall not reduce the fine under section 706-644(4) or 706-645.

(3) The court shall impose a one per cent surcharge on each fine imposed pursuant to this section for deposit into the Hawaii election campaign fund established under section 11-421."
SECTION 6. The campaign spending commission shall submit a report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2022 on further statutory amendments to best facilitate the implementation of this Act.

SECTION 7. There is appropriated out of the general revenues of the State of Hawaii the sum of $ or so much thereof as may be necessary for fiscal year 2020-2021 for deposit into the Hawaii election campaign fund under section 11-421, Hawaii Revised Statutes.

The sums appropriated shall be disbursed by the campaign spending commission consistent with chapter 11, part XIII, subpart , Hawaii Revised Statutes, and the purposes of this Act.

SECTION 8. There is appropriated out of the Hawaii election campaign fund under section 11-421, Hawaii Revised Statutes, the sum of $ or so much thereof as may be necessary for fiscal year 2020-2021 in preparing for the public funding of candidates in elections taking place in 2022, including full-time equivalent (FTE), temporary positions.
The sums appropriated shall be expended by the campaign spending commission for the purposes of this Act.

SECTION 9. In codifying the new sections added by section 2 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 10. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 11. This Act shall take effect on July 1, 2019.

INTRODUCED BY:
Del Hutt
Nicole E. Lura

Jan 24 2019
Report Title:
Campaign Finance; Publicly Funded Elections; Counties

Description:
Creates a comprehensive public funding program for candidates for county elections beginning in 2022. Appropriates funds to the Campaign Spending Commission.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.