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STATE OF HAWAII
CAMPAIGN SPENDING COMMISSION

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February 5, 2015

TO: The Honorable Gilbert S.C. Keith-Agaran, Chair
Senate Committee on Judiciary and Labor

The Honorable Maile S.L. Shimabukuro, Vice Chair
Senate Committee on Judiciary and Labor

Members of the Senate Committee on Judiciary and Labor

FROM: Kristin Izumi-Nitao, Executive Director *KI*
Campaign Spending Commission

SUBJECT: **Testimony on S.B. No. 1344, Relating to Campaign Spending**

Friday, February 6, 2015
9:15 a.m., Conference Room 016

Thank you for the opportunity to testify on this bill. The Campaign Spending Commission ("Commission") supports the intent of the bill and offers the following comments.

This bill amends several sections of Hawaii Revised Statutes ("HRS") chapter 11 that relate to noncandidate committees. The purpose of the bill is to require an independent expenditure committee ("IE Committee") to disclose the true source of funding of its contributors that may not be readily apparent from the name of the organization that is identified as a contributor to the IE Committee. This additional layer of disclosure for IE Committees would not apply if the contributor is an individual, partnership, corporation, business entity, or labor union. The Commission certainly supports more transparency in campaign finance – particularly, since we believe this bill is addressing the political spending of dark money groups which include 501(c)(4) and 501(c)(6) non-profit organizations.

Commission staff has reviewed and discussed this bill with the Department of the Attorney General. Because this bill may raise constitutional issues, the Commission will defer to the recommendations offered by that department. We would further comment that this bill would require additional fields to be built in the noncandidate committee electronic filing system which would require the services provided by ICSD. We are in discussion with ICSD to determine a timetable for completing such a change which could necessitate a request by the Commission to change the July 1, 2015 effective date of this bill.

Testimony S.B. No. 1344
Senate Committee on Judiciary and Labor
February 6, 2015

For the Committee members' information, in the 2014 election, IE Committees received 25 contributions that were \$10,000¹ or more. Moreover, 13 of those contributions would be subject to the additional disclosure requirements. A table showing this information is attached to this testimony.

¹ Although the bill imposes the additional disclosure requirements on contributions that aggregate more than \$100, the Commission believes that the Department of the Attorney General is recommending, for constitutional purposes, that the threshold be raised to \$10,000.

5. Top Contributors of \$10,000 or more (Sorted in Descending Order)

Independent Expenditure Committees	Contributor Name	Total Contributions
American Comeback Committee Hawaii PAC	American Comeback Committee	\$2,244,000.00
Hawaii Forward	Democratic Governors Association	\$1,280,000.00
Forward Progress	Hawaii Carpenters Market Recovery Program	\$748,723.07
Hawaii Forward	AFSCME	\$500,000.00
Maui Timeshare Ohana PAC	Ocean Resort Villa North PAC	\$450,000.00
Maui Timeshare Ohana PAC	Ocean Resort Villas PAC	\$450,000.00
Ocean Resort Villas North PAC	Ocean Resort Villas North Vacation Owners Assn.	\$450,000.00
Ocean Resort Villas PAC	Ocean Resort Villas Vacation Owners Association	\$450,000.00
NEA Advocacy Fund	National Education Association	\$299,233.00
AiKea UNITE HERE	UNITE HERE TIP State and Local	\$280,000.00
National Association of Realtors Fund	National Association of REALTORS	\$122,688.00
Jobs and Opportunity for Hawaii	Democratic Governors Association	\$100,000.00
AiKea UNITE HERE	UNITE HERE Local 5 PAC Fund	\$91,000.00
Workers for a Better Hawaii	Hawaii Government Employees Association	\$70,000.00
Hawaii Forward	Jobs & Opportunity for Hawaii	\$68,137.75
Workers for a Better Hawaii	Hawaii Committee on Political Education (COPE)	\$50,000.00
Maui Timeshare Ohana PAC	American Resort Development Association	\$40,000.00
Hawaii Center for Food Safety Action Fund	Dr. Bronner's Magic Soap	\$25,000.00
Hawaii Building & Construction Trades Council	Hawaii Building and Construction Trades Council	\$20,660.51
Hawaii Center for Food Safety Action Fund	Currier, Lavinia	\$20,000.00
Hawaii Solutions	Wong, Heidi	\$15,000.00
Education Reform Now Advocacy	Education Reform Now Advocacy	\$14,834.80
Hawaii Voter Information Project	Walden, Andrew R.	\$14,516.32
Sierra Club Hawaii PAC	Ching, Randy	\$12,000.00
Workers for a Better Hawaii	AFSCME	\$10,000.00

6. 2014 Independent Expenditures by Category

Expenditure Category	Count	%	Total	%
Advertising	115	14.06%	\$2,221,733.33	31.43%
Bank Charges & Adjustments	76	9.29%	\$2,816.95	0.04%
Employee Services	8	0.98%	\$69,483.84	0.98%
Food & Beverages	122	14.91%	\$25,039.26	0.35%
Hawaii Election Campaign Fund	1	0.12%	\$125.69	0.00%
Lease/Rent	8	0.98%	\$7,531.96	0.11%
Office Supplies	20	2.44%	\$6,075.30	0.09%
Other	106	12.96%	\$2,690,024.36	38.06%
Postage/Mailing	59	7.21%	\$699,870.33	9.90%
Printing	44	5.38%	\$337,880.11	4.78%
Professional Services	119	14.55%	\$522,381.08	7.39%
Surveys, Polls & Voter Lists	18	2.20%	\$460,374.65	6.51%
Travel & Lodging	103	12.59%	\$23,990.71	0.34%
Utilities	16	1.96%	\$819.80	0.01%