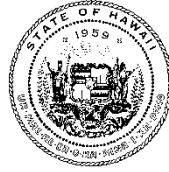


DAVID Y. IGE
GOVERNOR



DOUGLAS MURDOCK
Comptroller

AUDREY HIDANO
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

TESTIMONY
OF
DOUGLAS MURDOCK, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE
ON
WAYS AND MEANS
ON
MARCH 30, 2016

H.B. 2156, H.D. 2, S.D. 1

RELATING TO CAMPAIGN FINANCE

Chair Tokuda and members of the Committee, thank you for the opportunity to submit written testimony on H.B. 2156, H.D. 2, S.D. 1 (the measure).

The Department of Accounting and General Services (DAGS) as a matter of general policy does not support any proposed legislation that will have a negative impact on the administration's executive supplemental budget and initiatives submitted for fiscal year 2017.

We do not support the measure if the appropriation of any general funds to the Commission will have a negative impact on the administration's executive supplemental budget and initiatives submitted for fiscal year 2017. It may be more appropriate for this change in means of financing for the operating expenses to occur through the executive budget process for the next biennium budget for 2017 through 2019.

Thank you for the opportunity to submit written testimony on this measure.



Senate Ways + Means Committee
Chair Jill Tokuda, Vice Chair Donovan Dela Cruz

Wednesday 03/30/2016 at 09:15 AM in Room 211
HB 2156 HD2 SD1 – Relating to Campaign Finance

TESTIMONY
Carmille Lim, Executive Director, Common Cause Hawaii

Dear Chair Tokuda, Vice Chair Dela Cruz, and members of the Committee:

Common Cause Hawaii opposes the HD2 SD1 version of HB2156. We ask the committee to delete Section 2c-1 and Section 4.

The original HB2156 would have allowed for the Campaign Spending Commission’s (“the Commission” or “CSC”) general operating expenses be supported by the general fund, instead of the Hawaii Election Campaign Fund (“HECF”).

Section 2c-1 would “Make donations to any community service, educational, youth, recreational, charitable, scientific, or literary organization; provided that no single organization may receive a donation greater than the deceased candidate was able to receive from a person pursuant to section 11-357.”

Allowing “returnable” donations to go toward a different purpose is poor, and unethical, donor-stewardship procedure.

When making a campaign contribution, a donor clearly wanted to support a particular candidate, not just “any” community service recreational, charitable, etc. cause. For example: what if the deceased candidate’s campaign committee chose to apply that contributor’s donation toward a charity that s/he does not support for political, religious, or personal reasons?

For this reason, we would want Section 2c-1, specifically, to be deleted.

Section 4 authorizes the Director of Finance to transfer “excess” money from the “Campaign Spending Trust Fund” into the general fund.

One of Common Cause Hawaii’s biggest concerns is ensuring that adequate and sustainable funding is made for the Hawaii Election Campaign Fund — the trust fund alluded to in Section 4 — which supports Hawaii’s partial public funding program. The concept for the Hawaii Election Campaign Fund emerged during the 1978 Constitutional Convention as Article II, Section 5 of the Hawaii State Constitution. The legislature was directed to “establish a campaign fund to be used for partial public financing of campaigns of the State and its political subdivisions,” and so the fund was established by the 1979 Hawaii State Legislature.

We ask the committee to defer the bill as currently written, or pass out an amended SD2 which removes sections 2c-1, and 4 of the bill thus preserving the original intent of the bill: to ensure the Hawaii Campaign Spending Commission is a sustainable agency, and we must preserve the Hawaii Election Campaign Fund, as specified in the Hawaii State Constitution.

Thank you for the opportunity to offer testimony on **HB 2156 HD2 SD1**.



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COMMITTEE ON WAYS AND MEANS
WEDNESDAY, March 30, 2016, 9:15 a.m. CONFERENCE ROOM 211
HB 2156, HD2, SD1 RELATING TO CAMPAIGN FINANCE

TESTIMONY

Janet Mason, Co-Chair, Legislative Committee, League of Women Voters of Hawaii

Chair Tokuda, Vice-Chair Dela Cruz, and Committee Members:

The League of Women Voters of Hawaii opposes certain provisions of the HD2 SD1 version of HB2156, reversing our strong support for the original version of this measure. The HD2 radically altered the original purpose of this bill. SD1 makes important improvements to HD2, but we continue to oppose some of its provisions.

Hawaii Election Campaign Fund

The original intent of the bill was to appropriate money for the Campaign Spending Commission's operating expenses from the general revenues of the state, instead of continuing the practice of using trust funds from the Hawaii Election Campaign Fund for this purpose. We strongly supported this bill which would rescue the HECF from imminent depletion and, as a consequence, the probable end of the Partial Public Financing of Elections Program. To lose our Partial Public Financing program, just when citizens and organizations throughout the state and country are deploring the distortion of political campaigns by the SCOTUS "Citizens United" decision, would be unpopular and unwise.

The House Finance Committee deleted this original purpose. SD1 now includes language which on its face seems to restore funding CSC operational expenses through the general fund, but then vitiates this improvement by two provisions. The first major change was to transfer "excess" trust funds from the Hawaii Election Campaign Fund to the general fund transparently in the amount of proposed CSC operating expenses (minus fringe benefits), or "as much as may be necessary" for these expenses.

Why would the Legislature defund the Hawaii Election Campaign Fund during an election year? This is a **trust** fund set up by the people of Hawaii to make public money available for a candidate's campaign expenses. The League urges incumbents and newcomers to politics to use this as a preferred source of



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financing their campaigns, and we also urge Hawaii taxpayers to continue to designate \$3 of the income taxes they pay to the Hawaii Election Fund.

Candidate filing for the 2016 Elections runs until June 7, 2016; we won't know until June how much of the trust fund balance might be used by 2016 candidates. So at this point, no trust funds should be considered "excess" as described in the bill, and there is no logical basis for estimating what is "excess." Further since the State enjoys a healthy budget surplus, there is no justification for continuing to use trust funds to pay for the operating expenses of the Commission to cover a non-existent budget emergency.

Is the legislature's intent to actually eliminate the trust fund entirely? Or to threaten the stability of the CSC? We don't think the people of Hawaii would stand for this, and we respectfully request an amendment to this bill to restore the original language of the measure and add a provision that would provide for a floor below which funds could not be transferred from the Hawaii Election Campaign Fund. (This floor might correspond with the minimum threshold balance that must be available in the Fund before money for the Partial Public Funding program can be disbursed to eligible political candidates.)

We believe it is important to the preservation of a strong and CSC and the Partial Public Financing Program that the "general revenues of the State of Hawaii" should be specified as the future source of funding for CSC operating expenses, with the amount of those expenses to be specified in each biennium.

Expanding permitted uses of excess campaign contributions:

The legitimate use of campaign funds is for expenses directly related to a candidate's campaign: communicating with the public through media advertisements and social media, mailings and websites listing the candidate's qualifications and issue positions, making signs, rallies and meetings, buying tee shirts or other modest gifts for active supporters, car expenses, office rent, paid staff, etc.

SD1 eliminates some of the new uses for excess campaign contributions contained in earlier versions. We applaud these improvements to HD2. But this version **adds private schools under section 1 (a) (4) to the public institutions to which excess campaign funds can be donated without the restrictions on total donations, and on timing of donations, specified section 1 (a) (3) for other donations to organizations.** League opposes this change -it is simply "seeding the community" for future votes.



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SD1 removes the restriction on amounts of campaign contributions which can be used for civic and community memberships or protocol gifts, and instead treating such memberships and gifts as ordinary and necessary expenses incurred in connection with the candidate's duties as a holder of office. The League of Women Voters opposes using campaign funds for civic and community memberships or protocol gifts since these items are not campaign expenses.

We ask that you amend the bill to remove these two changes to the permitted use of campaign contributions and specify that the general fund will be used for CSC operating expenses, while adding the provision for a "floor" on transferring money from the Hawaii Election Campaign Fund. Thank you for the opportunity to submit testimony.

TO: Members of the Committee on Ways and Means

FROM: Natalie Iwasa
808-395-3233

HEARING: 9:15 a.m. Wednesday, March 30, 2016

SUBJECT: HB 2156, HD2, SD1 Relating to Campaign Finance

Aloha Chair and Committee Members,

Thank you for allowing me the opportunity to provide testimony on SB 2156, HD2, SD1, which makes various changes to our campaign finance law.

I support the inclusion of private schools in paragraph 4 of the bill and the removal of campaign-to-campaign donations that was in the HD2 version of this bill.

I also support increased funding for the Campaign Spending Commission.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: jdancer@kula.us
Subject: Submitted testimony for HB2156 on Mar 30, 2016 09:15AM
Date: Tuesday, March 29, 2016 12:02:07 PM

HB2156

Submitted on: 3/29/2016

Testimony for WAM on Mar 30, 2016 09:15AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
John NAYLOR	Individual	Oppose	No

Comments: No More stealing from paul to pay Peter! This should stop in ALL funds including this one!

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: pamleesmith@gmail.com
Subject: Submitted testimony for HB2156 on Mar 30, 2016 09:15AM
Date: Tuesday, March 29, 2016 12:37:23 PM

HB2156

Submitted on: 3/29/2016

Testimony for WAM on Mar 30, 2016 09:15AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Pam Smith	Individual	Oppose	No

Comments: I oppose the passage of this bill because as a Campaign Spending purist, I do not believe in the expenditure of ANY funds for purposes other than direct expenses related to the election of the candidate for whom the funds were contributed or a refund of those funds to the contributors. Campaign funds have become nothing more than slush funds for candidates to give money to their friends and favorite organizations. Stop this now.

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To: Ways and Means, Senator Jill N. Tokuda, Chair
Ways and Means, Senator Ronald D. Kouchi, ViceChair

Date: March 30, 2016, State Capitol Conference Room 211, 9:15 p.m.

Re: HB 2156 SD2 - Relating To Campaign Finance.

Chair Tokuda, Kouchi and Committee Members:

Thank you for the opportunity to submit written testimony in **OPPOSITION to HB 2156, SD 2 - Relating to Campaign Finance**. My name is T. J. Davies Jr. and I am retired, disabled and live alone in the Kakaako area.

As mandated by the people of Hawaii during the 1978 Constitutional Convention, the Hawaii Election Campaign Fund (HECF) was created exclusively to be used for financing of campaigns of the State. The HECF shouldn't be raided to help fill gaps in the budget, especially because taxpayers specifically designate this money to support public financing on their tax returns. Additionally, donors who contribute to a candidate's campaign, expect their hard earned money to be used solely to support the candidate, and not given to random organizations that the donor may or may not support without their express permission.

I urge you to **OPPOSE** this raid of the Hawaii Election Campaign Fund (HECF), to allow legislators to make contributions to private organizations using their campaign funds by voting **NO** on HB 2156, SD 2. Mahalo & Aloha

T. J. DAVIES JR., Volunteer,
Treasurer, AARP Chapter 60 Honolulu
Treasurer, Kokua Council for Senior Citizens of Hawaii
Director, Hawaii Alliance for Retired Americans
Kakaako (District 26 / Senate District 12)

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: tlalocct@hotmail.com
Subject: Submitted testimony for HB2156 on Mar 30, 2016 09:15AM
Date: Tuesday, March 29, 2016 2:11:16 PM

HB2156

Submitted on: 3/29/2016

Testimony for WAM on Mar 30, 2016 09:15AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
tlaloc tokuda	Individual	Oppose	No

Comments: Aloha Representatives, I oppose HB 2156 because it violates the part of the Hawaii during the 1978 Constitutional Convention. As mandated by the people of Hawaii during the 1978 Constitutional Convention, the HECF was created exclusively "to be used for partial public financing of campaigns of the State". The HECF shouldn't be raided to help fill gaps in the budget, especially because taxpayers specifically designate this money to support public financing on their tax returns. Additionally, donors who contribute to a candidate's campaign, expect their hard earned money to be used solely to support the candidate, and not given to random organizations that the donor may or may not support without their express permission. Sincerely yours, Tlaloc Tokuda

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

Date: March 30, 2016

To: The Honorable Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair
Members of the Senate Committee on Ways and Means

From: Christine Trecker

Subject: HB2156 HD2, SD1 Relating to Campaign Finance – Oppose Section 4
9:15 am, Conference Room 211

The original version of this bill included a provision to appropriate out of the general fund the amount necessary to cover the operating expenses of the Campaign Spending Commission for fiscal year 2016-2017. This would ensure adequate funding for this vital watchdog agency and at the same time not further deplete the Hawaii Election Campaign Fund, the Commission's current source of funding for its operations.

Unfortunately, HB2156 HD2, SD1 requires that the \$495,506 necessary to cover the Commission's operating expenses be transferred out of the Hawaii Election Campaign Fund (HECF) to the general fund. In effect, depleting the HECF and undermining its purpose to provide a viable public financing program in Hawaii.

The current HECF needs to grow substantially so that the amount of public financing available per candidate can be increased enough to attract more candidates to the program and in turn decrease their reliance on private interest funding. Hawaii cannot have a truly effective public financing program if we don't make it a priority and support it!

I strongly urge this Committee to adopt the language regarding appropriating funds for the operating expenses of the Commission from SB2438 SD2. This bill doesn't deplete the HECF.

Thank you for the opportunity to testify.

March 29, 2016

TO: Senator Jill Tokuda, Chair; Senator Donovan Dela Cruz, Vice Chair, and
Members of the Senate Committee on Ways and Means

FROM: Barbara Polk

SUBJECT: COMMENTS ON HB2156, HD2,SD1 and STRONG OPPOSITION TO MAJOR
SECTIONS OF THIS BILL.

Although I am pleased to see the legislature considering funding the Campaign Spending Commission out of General Funds, which would return the Hawaii Election Campaign Fund to its original purpose, I have serious concerns about other parts of HB 2156, HD2, SD1.

When I donate to a candidate's campaign fund, I am NOT donating to some other candidate, nor to a charity of the candidate's choosing, and especially not to a private school, which has less need for a donation than does DOE. Therefore, I OPPOSE the following sections of this bill:

Section 1(a) (4) The proposed amendment that would allow contributions from a candidate's campaign funds to private schools. This should be a choice by individuals, rather than a candidate using his donor's funds to look charitable.

Section 1(a)(8). The proposed amendment would allow candidates to pay for memberships in civic or community organizations, which candidates may see as being related to their duties, but which are more generally seen as personal expenditures, not something a campaign contributor expects to pay for.

Section 2 (b) and (c)(1). Taken together, these proposed amendments would favor use of campaign funds for private purposes rather than for public purposes. Given the frequency with which the legislature has difficulty funding worthwhile activities because of lack of money, it is inappropriate for left over campaign funds to go anywhere except back to the contributor or into the state general fund. Again, use of campaign contributions for charitable donations may put contributors in the position of having funded a community cause with which they do not agree.

Section 4: I strongly oppose the transfer of money from the Hawaii Election Campaign Fund to the general fund. This fund was established to carry out the constitutional mandate to establish and maintain a fund to be used for public funding of candidates for office—NOT to support the Campaign Spending Commission or the state general fund. There is no basis for claiming that this fund contains an excess of money. The fund holds money identified by tax payers as reserved for the Hawaii Election Campaign Fund as they pay their state taxes. Use of this money in any other way may be a violation of the State Constitution, but minimally, it violates the trust of those who have allocated \$3 on their tax returns to this fund.

I urge you to delete Sections 1, 2 and 4 from this bill to return it to its original intent, which was to provide secure funding for the Campaign Spending Commission.

