



STATE OF HAWAII
CAMPAIGN SPENDING COMMISSION

235 SOUTH BERETANIA STREET, ROOM 300
HONOLULU, HAWAII 96813

February 26, 2015

TO: The Honorable Sylvia Luke, Chair
House Committee on Finance

The Honorable Scott Y. Nishimoto, Vice Chair
House Committee on Finance

Members of the House Committee on Finance

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

SUBJECT: **Testimony on H.B. No. 1491, H.D. 1, Relating to Campaign Spending**

Friday, February 27, 2015
1:30 p.m., Conference Room 308

Thank you for the opportunity to testify on this bill.¹ 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 contributor² to the IE Committee. This additional layer of disclosure for IE Committees would not apply if the contributor is an individual, partnership, for-profit 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 of ICSD. In discussions with ICSD, the Commission believes that the necessary modifications can be completed by December 31, 2015. Thus, the Commission suggests that the effective date of the bill be changed to January 1, 2016.

¹ The companion bill in the Senate is S.B. No.1344.

² For contributions over \$10,000.

For the Committee members' information, in the 2014 election, IE Committees received 25 contributions that were \$10,000 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.

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Chris Yuen
P.O. Box 5
Ninole, HI 96773

February 26, 2015

Re: Testimony Supporting HB491HD1

Rep. Sylvia Luke and Members of House Finance Committee:

We need to reform our campaign laws so that the public can know the real sources behind Super-PAC's and their attack ads. Our current system is woefully inadequate, and makes a travesty of transparency.

To take one example, "America's Comeback Committee Hawai'i PAC" paid for \$2.2 million in campaign ads in the latest gubernatorial race. A citizen checking the Hawai'i Campaign Spending Commission website to try to find out who was actually paying for these ads would find this PAC's report disclosing only that all of its \$2.2 million came from "America's Comeback Committee," with a Washington address and no further information about who is really contributing all this money. This is apparently all that is required under our current disclosure laws.

HB1491HD1 moves us in the right direction, toward increased reporting. In the example given above, HB1491HD1 would have required at least the further information that America's Comeback Committee is a subsidiary of the Republican Governor's Association, and required information about where this organization's federal filing can be obtained.

Despite my example, this should not be a partisan issue. I could have selected similar examples where anonymous money is supporting Democrats. Dark money in politics can corrupt all sides. We need to do everything we can to expand disclosure of the real donors so that the public can know who is behind the messages they hear.

Yours truly,

Chris Yuen

