

STAND. COM. REP. NO. 678

Honolulu, Hawaii

**MAR 06 2015**

RE: S.B. No. 1344  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Madam:

Your Committee on Judiciary and Labor, to which was referred S.B. No. 1344 entitled:

"A BILL FOR AN ACT RELATING TO CAMPAIGN SPENDING,"

begs leave to report as follows:

The purpose and intent of this measure is to require noncandidate committees making only independent expenditures to report whether its contributors and recipients are subject to disclosure reporting requirements and provide access to the contributor's and recipient's reportable funding information.

Your Committee received testimony in support of this measure from the Department of the Attorney General. Your Committee received comments on this measure from the Campaign Spending Commission.

Your Committee finds that this measure adds an additional level of disclosure to several sections of Hawaii's campaign finance laws to further assist voters to "follow the money" and determine the individuals, organizations, or businesses seeking to influence their vote. Existing law requires political action committees that make only independent expenditures (more commonly known as SuperPACs) to disclose the names of the organizations or individuals that have contributed money to them. This measure requires SuperPACs to disclose additional information to aid voters in determining the sources of funding behind those contributors to the SuperPACs.



Your Committee notes the concerns raised in the written testimony submitted by the Department of the Attorney General regarding how this measure may withstand a constitutional challenge. As a result, your Committee sought assistance from the Department to develop language to further clarify and strengthen this measure.

Your Committee further notes that this measure addresses the political spending of "dark money" groups that include section 501(c)(4) and 501(c)(6) nonprofit organizations. The Campaign Spending Commission submitted written testimony that during the 2014 election, the top twenty-five SuperPAC contributors received a total of \$7,825,793.45 and independent expenditure committees spent \$2,221,733.33 on advertising and \$1,037,750.44 on printing, postage, and mailing with the largest expenditure of \$2,690,024.36 under the category of "Other".

Accordingly, your Committee has amended this measure by:

- (1) Adopting language developed by the Department of the Attorney General that:
  - (A) Requires additional reports from noncandidate committees making only independent expenditures if a contribution of more than \$10,000 in the aggregate or a late contribution of more than \$5,000 in the aggregate is received from an entity;
  - (B) Requires noncandidate committees making only independent expenditures to report the identities of the contributing entity that is subject to disclosure reporting requirements regarding the source of the contributions; and
  - (C) Requires noncandidate committees making only independent expenditures to acknowledge, if applicable, that the contributing entity is not subject to disclosure reporting requirements regarding the source of the contributions;
- (2) Deleting section 1 and renumbering the sections accordingly; and
- (3) Inserting an effective date of January 7, 2059, to encourage further discussion.



As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1344, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1344, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary and  
Labor,



GILBERT S.C. KEITH-AGARAN, Chair



