



**STATE OF HAWAII  
CAMPAIGN SPENDING COMMISSION**

235 SOUTH BERETANIA STREET, ROOM 300  
HONOLULU, HAWAII 96813

February 2, 2016

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 *KIN*  
Campaign Spending Commission

SUBJECT: **Testimony on S.B. No. 2438, Relating to Campaign Finance**

Thursday, February 4, 2016  
9:00 a.m., Conference Room 016

Thank you for the opportunity to testify on this bill.<sup>1</sup> The Campaign Spending Commission ("Commission") strongly supports this bill.

This bill amends Hawaii Revised Statutes ("HRS") §11-314 by providing that the Commission's operating expenses, including staff salaries and fringe benefits, shall be paid from the state's general fund. Presently, the Commission's operating expenses are paid out of the Hawaii Election Campaign Fund ("HECF"). See HRS §11-421(c).

For the past seven fiscal years, the Commission has been operating at an average net deficit of about \$524,000. The Commission's attempts to increase revenue have not been successful; especially since the Commission's revenue is dependent on the \$3 state income tax check-off, the interest generated from the principal, and any funds that escheat to the HECF pursuant to campaign finance laws. Given this trend, the Commission is concerned that its revenue is insufficient to sustain Commission operations and programs. The Commission projects that as early as August 2017, the funds in the HECF will be "close to depletion" such that we may run a limited public funding program. See, HRS §11-422(b). Of greater concern is that by December 2017, the funds are projected to be "near depletion" such that we will be unable to run the public funding program for the 2018 election. See, HRS §11-422(a).

We therefore appreciate the intent behind this bill which seeks to restore the original purpose of the HECF to fund public funding (see, Hawaii Constitution, Article II, Section 5) and to have general funds pay for government and statutory functions provided by the Commission

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<sup>1</sup> The companion bill in the House is H.B. No. 2156.

(see, HRS §11-314). The Commission believes that an appropriation of \$495,506 (or \$661,545 if fringe benefits were included) would cover operations including salaries for FY 2017.

The Commission urges this Committee to pass this measure.



AMERICANS FOR DEMOCRATIC ACTION

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OFFICERS		DIRECTORS		MAILING ADDRESS
John Bickel, President		Guy Archer	Chuck Huxel	PO. Box 23404
		Stanley Chang	Jan Lubin	Honolulu
Marsha Schweitzer, Treasurer		Josh Frost	Jenny Nomura	Hawai'i 96823
Karin Gill, Secretary		Fritz Fritschel	Stephen O'Harrow	

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Feb. 2, 2016

TO: Honorable Chair Keith-Agaran and Senate Judiciary Committee

RE: SB2438 Relating to Campaign Finance  
Support

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We support SB 2438 as it would replace the current system of financing the Campaign Spending Commission via the funds from income tax check off funds to more reliable general funds. The Commission does important work to enforce our campaign finance laws. It needs reliable funding.

Thank you for your consideration.

Sincerely,

John Bickel  
President



Senate Judiciary + Labor Committee  
Chair Gilber Keith-Agaran, Vice Chair Maile Shimabukuro

Thursday 02/04/2016 at 9:00 AM in Room 016  
SB 2438 – Relating to Campaign Finance

TESTIMONY — SUPPORT  
Carmille Lim, Executive Director, Common Cause Hawaii

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Dear Chair Keith-Agaran, Vice Chair Maile Shimabukuro, and members of the Senate Judiciary + Labor Committee:

**Common Cause Hawaii asks that the Committee pass SB 2438** which would allow 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").

One of Common Cause Hawaii's biggest concerns is ensuring that adequate and sustainable funding is made for the Hawaii Election Campaign Fund, 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.

Although the Hawaii Election Campaign Fund was created to fund Hawaii's partial public funding program, in 1997, the Campaign Spending Commission's general operating expenses was moved from general funds to HECF.

The balance in the HECF fund has been declining steadily over the past six years, due to the Campaign Spending Commission relying on the fund to support nearly all of its operating expenses. Based on financial data presented on the Campaign Spending Commission's website, CSC's revenue is not enough to offset its operating costs:

Fiscal Year	Beginning Balance	Receipts	Expenditures	Ending Balance	Difference
2010	\$5,078,353.47	\$288,977.14	\$718,208.74	\$4,649,121.87	(\$429,176.48)
2011	\$4,649,121.87	\$374,051.45	\$881,957.12	\$4,141,216.20	(\$507,905.67)
2012	\$4,141,216.20	\$73,527.79	\$790,035.44	\$3,424,708.55	(\$716,507.65)
2013	\$3,424,708.55	\$257,182.61	\$745,747.36	\$2,936,143.80	(\$488,564.75)
2014	\$2,936,143.80	\$224,620.81	\$620,208.43	\$2,540,556.18	(\$395,587.62)
2015	\$2,540,556.18	\$212,342.48	\$870,753.07	\$1,882,145.59	(\$658,410.59)

According to the Commission's last HECF report dated June 30, 2015, only \$1,882,145.59 was left in HECF. This occurred even though CSC was successful in managing its operating expenses, with no increase whatsoever in its payroll costs.

The 2015 Judiciary and Labor Committee Report referenced the Commission's testimony, which states that the Commission essentially has a \$500,000 annual deficit. Based on data presented on CSC's website, their operating expenses have been roughly \$725 thousand annually, over the past six years. Again, the issue at hand continues to be the unreliable revenue stream(s) directed toward HECF.

With a fund balance of just under \$2 million left, this indicates the present approach to financing operating costs is not sustainable. We believe that it is inappropriate to have an agency funded by a special fund— particularly one that does not have a steady stream of revenue that significantly recoup its general operating expenses.

**We urge you to pass SB 2438 out of committee.** We must 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 supporting SB 2438.**



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## COMMITTEE ON JUDICIARY AND LABOR

THURSDAY, Feb. 4, 2016, 9:00 A.M., CONFERENCE ROOM 016  
SB2438 RELATING TO CAMPAIGN FINANCE

### TESTIMONY

Beppie Shapiro, League of Women Voters of Hawaii

Chair KEITH-AGARAN, Vice-Chair Shimabukuro, and Committee Members:

**The League of Women Voters of Hawaii strongly supports SB2438, which restores the original funding of Campaign Spending Commission operating expenses through the state's general fund.**

The Campaign Spending Commission (CSC) works to ensure integrity and transparency of state and local political campaigns through its Partial Public Financing Program, its enforcement of Hawaii's campaign spending laws, and by making publicly available information about candidates', PACs', and Super PACs' campaign finances. The operating expenses of the CSC were originally paid through the general fund as is common to most state agencies and offices.

Through the Partial Public Financing's voluntary program, qualified political candidates raise small amounts of money from the public. The CSC matches public contributions, up to a certain amount, using money from the Hawaii Election Campaign fund (HECF). The program allows more candidates to run for office, and lets them spend more time on policy and less time on fundraising. Its intent is to prevent domination of elections, and public office, by those wealthy or well-connected enough to pay the increasingly intimidating costs of election campaigns.

The HECF was created in 1979, to receive monies from the donation check-off option on income tax filings, for the Partial Public Financing of election campaigns. This purpose is stated when asking tax-payers to use the HECF check-off.

The operating expenses of the CSC were originally paid through the general fund as is common to most state agencies and offices. However, the purpose of the HECF was later altered by the Legislature to also fund the Commission's operating expenses. As a result, the CSC predicts that by 2018, the HECF may not have funds for Hawaii's Partial Public Financing Program. The CSC itself, may run out of money for its other functions by 2019 if this Legislature fails to restore CSC operational funding through the state general fund.

This would be a deplorable statement to the public, and to other states, about Hawaii's interest in the integrity and transparency of its elections, and its response to public outcry over domination of elections by wealthy individuals and organizations.

We urge you to pass this bill. Thank you for the opportunity to submit testimony.



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**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [JDL Testimony](#)  
**Cc:**  
**Subject:** \*Submitted testimony for SB2438 on Feb 4, 2016 09:00AM\*  
**Date:** Tuesday, February 02, 2016 4:58:17 PM

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**SB2438**

Submitted on: 2/2/2016

Testimony for JDL on Feb 4, 2016 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

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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**Date:** February 4, 2016

**To:** The Honorable Senator Gilbert S. C. Keith-Agaran, Chair  
& Members of the Senate Committee on Judiciary and Labor

**From:** Christine Trecker

**Subject:** SB 2438 Relating to Campaign Finance – In Support

I strongly urge to pass SB2438. Political campaign spending, fueled by powerful special interests, has dramatically increased in recent years and it threatens our democracy at every level of government. It presents serious challenges for Hawaii and underscores the vital importance of a strong, adequately funded Campaign Spending Commission. Now more than ever we need to insure that the Commission has the stable funding necessary to effectively watchdog and protect the integrity of Hawaii's political campaign process.

Thank you for the opportunity to testify.