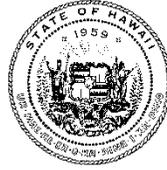


DAVID Y. IGE  
GOVERNOR



DOUGLAS MURDOCK  
Comptroller

**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**

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

WRITTEN TESTIMONY  
OF  
DOUGLAS MURDOCK, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
SENATE COMMITTEE  
ON  
JUDICIARY AND LABOR

FEBRUARY 6, 2015

S.B. 577

RELATING TO CAMPAIGN FINANCE

Chair Keith-Agaran and members of the Committee, thank you for the opportunity to submit written testimony on S.B. 577.

The Department of Accounting and General Services defers to the Campaign Spending Commission on the substantive provisions of S.B. 577, provided that the measure does not replace or adversely impact priorities indicated in the Executive Budget.

Thank you for the opportunity to provide written testimony on this matter.

KRISTIN E. IZUMI-NITAO  
EXECUTIVE DIRECTOR



PHONE: (808) 586-0285  
FAX: (808) 586-0288  
WWW.HAWAII.GOV/CAMPAIGN

**STATE OF HAWAII  
CAMPAIGN SPENDING COMMISSION**

235 SOUTH BERETANIA STREET, ROOM 300  
HONOLULU, HAWAII 96813

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 *KIN*  
Campaign Spending Commission

**SUBJECT: Testimony on S.B. No. 577, Relating to Campaign Finance**

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 this bill.

The purpose of the bill is to replenish and establish a consistent source of funding for the partial public funding program by (1) requiring that fines assessed by the Commission be deposited into the Hawaii Election Campaign Fund ("HECF") and (2) requiring that the Commission's operating expenses be paid from the general fund instead of the HECF. Further, this bill permits the Commission to use HECF funds to pay for investigative expenses.

The Commission's operating expenses and public financing programs are funded by the HECF which is a trust fund within the state treasury. See, HRS §11-421. Revenue sources for the HECF are generated from 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. As mentioned above, this bill seeks to add another source of revenue to the HECF; that is, the administrative fines levied by the Commission.<sup>1</sup>

For the past six fiscal years, the Commission has been operating at a deficit of about \$500,000. Given this trend, the Commission is concerned that its revenue is insufficient to sustain Commission operations and programs in the long term. In FY 2014, the HECF closed

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<sup>1</sup> Prior to FY 2009, administrative fines levied by the Commission went to the trust fund. In FY 2009, the legislature amended the laws to have Commission fines go to the general fund.

with a balance of \$2,540,556.18 as a result of \$224,620.81 being generated in revenue and \$620,208.43 incurred in expenses.

From FY 2005 to FY 2014, the Commission has taken in \$2,013,325 from the tax check-off. The annual revenue amount from this source has ranged from \$163,143 in FY 2013 to \$223,380 in FY 2011. From FY 2005 to FY 2014, the Commission has received interest income in the amount of \$1,110,937.20. The annual revenue amount from this source has ranged from \$258,796.37 in FY 2008 to \$7,810.27 in FY 2014. Since FY 2009 to FY 2014, the Commission has collected fines in the amount of \$262,288.04, in annual amounts ranging from \$63,121.39 in FY 2013 to \$18,566.17 in FY 2012. Clearly, the annual revenue generated from the three primary source of the Commission's receipts are not consistent or sufficient to sustain the partial public financing program and pay for the Commission's operating expenses.

In consideration of the HECF's declining balance, the Commission is open to consider strategies to address the depletion of its funds as well as funding for the Commission's operating expenses.



House Judiciary Committee  
Chair Gilbert Keith-Agaran, Vice Chair Maile Shimabukuro

Friday 02/06/2015 at 9:15 AM in Room 016  
SB577 Relating to Campaign Finance

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

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

**Common Cause Hawaii supports SB577.** The core of this bill would:

1. Move Campaign Spending Commission's ("the Commission") general operating expenses to the general fund
2. Reinstate campaign-related fees, and allow those funds to be directed to 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 Hawaii Election Campaign Fund was created 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 legislature.

As of the Commission's last HECF report dated June 30, 2014, only \$2,540,556.18 was left in HECF. The Commission also estimated \$234,864.92 of public funding was disbursed in the 2014 election cycle, thus leaving us with an estimated \$2,305,691.26 in the fund.

The Hawaii Election Campaign Fund was created to fund Hawaii's partial public funding program, yet in 1998, the Campaign Spending Commission's general operating expenses was moved from general funds to HECF. The Commissions' general operating expenses is roughly \$620,208.43, not including benefits. For a fund that has just over \$2 million left, an estimated \$620,000 annual expense is a significant cost.

Originally, one of HECF's source of funds came from fines the Campaign (roughly \$17,321.13). In 2009, the Legislature passed a bill to divert Campaign Spending fines to the General Fund, thus cutting financial support for HECF even further.

We urge you to pass this bill and preserve the Hawaii Election Campaign Fund.

Thank you for the opportunity to testify **in support of SB577.**



49 South Hotel Street, Room 314 | Honolulu, HI 96813  
www.lwv-hawaii.com | 808.531.7448 | voters@lwvhawaii.com

COMMITTEE ON JUDICIARY AND LABOR

FRIDAY, FEB. 6, 2015, 9:15 A.M., CONFERENCE ROOM 016  
NUMBER AND TITLE OF BILL  
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 SB577. This measure includes two important provisions: 1) the operating expenses of the Campaign Spending Commission (CSC) would be paid out of the general fund; and 2) fines paid for violations would be deposited in the Hawaii Election Campaign Fund (HECF).**

The League of Women Voters, both nationally and in Hawai`i, has long recognized the importance of reining in the reliance of political election campaigns on major contributions from private organizations and a small number of wealthy individuals. A large share of the general public has become concerned about this problem following the SCOTUS decision in Citizens United. Ensuring the effective operation of Hawai`i's partial public funding program is to date the best antidote to these potential sources of influence on state candidates and their positions. In recent years however the funds available to publicly funded candidates have been limited due in part to 2009 legislation which required that CSC operating expenses (e.g. staff, communications) be paid from the HECF rather than the general fund. In addition that legislation required campaign spending fines to be deposited in the general fund rather than the HECF. These depletions of the HECF have limited the amounts available to support the partial public funding program and the possibility of expanding the program to more public offices.

SB577 would effectively reverse both these pernicious changes. If enacted, the HECF will have a far better probability of adequately supporting the partial public funding of future election campaigns.

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

Please note that we regret that no representative of LWVHI can attend the hearing to read this testimony.

To: Senator Keith-Agaran

Chair: Senate Judiciary and Labor Committee

Re: SB577 Campaign Finance; Hawaii Election Campaign Fund; Fees; Operating Expenses

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

Hello Chairman Keith-Agaran and Members of the Committee:

I am testifying as an individual in support of SB577. Having worked for many years to establish and improve public campaign finance, I believe that there are many benefits to this bill.

The Campaign Spending Commission is viewed as a highly successful government entity. Its trust fund has now reached disconcertingly low levels, which could affect the performance of their duties. This bill addresses that problem by directing campaign spending fines into the fund once again. What is even more important is that CSC's operating expenses would once more – as originally intended – come out of the General Fund.

Taking these two steps restores confidence and certainty to the Campaign Spending Commission, which has performed its duties admirably and by doing so, gained the public's trust.

Thank you for considering my testimony. I hope you will vote for this bill.

Susan Dursin  
Captain Cook, HI



**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [JDLTestimony](#)  
**Cc:** [REDACTED]  
**Subject:** Submitted testimony for SB577 on Feb 6, 2015 09:15AM  
**Date:** Wednesday, February 04, 2015 2:33:47 PM

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**SB577**

Submitted on: 2/4/2015

Testimony for JDL on Feb 6, 2015 09:15AM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Barbara Polk	Individual	Comments Only	No

Comments: A few years ago, during a budget crisis, the legislature decided that since the Campaign Spending Commission had a special fund, the State could save money by moving the cost of the Commission's operations to that fund. At the same time, money collected in fines was diverted to the general fund. While that may have been appropriate as a short term matter, it has now seriously eroded the Hawaii Election Campaign Fund just at a time when publicly funded or partially funded elections have become more popular. Unfortunately, the third year of the highly successful experiment in public funding of elections to the Hawaii County Council had to be cancelled due to lack of funds. It is time to reverse what was apparently intended to be a temporary measure and restore fines to the Hawaii Election Campaign Fund and once again pay for the staff and operations of the Campaign Spending Commission out of general funds. I urge you to pass SB577. Thank you.

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](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [JDLTestimony](#)  
**Cc:** [REDACTED]  
**Subject:** Submitted testimony for SB577 on Feb 6, 2015 09:15AM  
**Date:** Wednesday, February 04, 2015 2:04:41 PM

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**SB577**

Submitted on: 2/4/2015

Testimony for JDL on Feb 6, 2015 09:15AM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
christine trecker	Individual	Support	No

Comments: Talk is cheap when it comes to public campaign financing. An adequately funded Hawaii Election Campaign Fund is an absolute must if we are to move forward on public campaign financing. That won't happen as long as the Campaign Spending Commission's operating expenses drain money from the Fund every year. I urge you to vote for SB577 to ensure the CSC's operating expenses are paid for out of the general fund, and that fees assessed by the CSC are deposited into the Hawaii Election Campaign Fund.

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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