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## A BILL FOR AN ACT

RELATING TO CAMPAIGN FINANCE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the State's public  
2 funding program that was established following the 1979  
3 constitutional convention has not adequately served its purpose,  
4 which was to establish a large neutral fund that political  
5 candidates could utilize as an alternative to direct campaign  
6 contributions. Time has shown that the amount of money  
7 available to candidates and the process of obtaining the money  
8 have undermined the stated goals of the public funding program.  
9 The purpose of this Act is to address the problems, starting  
10 with the shortage of available funds.

11           This Act will allow people to make direct tax deductible  
12 donations to the Hawaii election campaign fund, instead of  
13 simply opting to have three dollars from the general fund  
14 deposited through a check off on their tax return. Someone who  
15 would like to donate five hundred dollars would be allowed to  
16 make that donation. The funding, being voluntary, will not



1 create a draw on the State's general fund or lead to objections  
2 that tax money is being used to fund political activities.

3 This Act improves the return to candidates and the process  
4 of obtaining funds. Instead of a one-to-one match, this Act  
5 enables the fund to increase the amount of funding per dollar  
6 raised by a candidate. To adjust for inflation, this Act  
7 increases qualified donations from one hundred dollars or less  
8 to two hundred dollars or less. This Act addresses the problem  
9 of a candidate being unable to apply funds raised during the  
10 primary period when the candidate has no primary opponent.

11 In addition, this Act requires that candidates applying for  
12 matching funds use only donations from Hawaii residents in the  
13 qualification computation. Finally, this Act requires  
14 candidates who receive matching funds to refuse contributions  
15 from any entity other than a natural person.

16 SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
17 amended by adding a new section to be appropriately designated  
18 and to read as follows:

19 "§235- Voluntary contributions to the Hawaii election  
20 campaign fund authorized. (a) The department of taxation shall  
21 include a line item on state income tax forms that allows for



1 voluntary contributions to the Hawaii election campaign fund  
2 made by individuals, trusts, partnerships, and corporations.

3 The line item shall appear after the final line for the  
4 calculation of the amount of the tax due or the amount to be  
5 refunded, accompanied by an explanation that the amount of the  
6 voluntary contributions shall be added to the amount of the tax  
7 owed or subtracted from the amount to be refunded; provided that  
8 if the amount of the voluntary contributions exceeds the amount  
9 to be refunded, the taxpayer shall be liable to pay to the State  
10 the amount by which the voluntary contributions exceed the tax  
11 owed.

12 (b) The department of taxation shall remit to the Hawaii  
13 election campaign fund the amount of voluntary contributions,  
14 less any amount to be refunded to the taxpayer."

15 SECTION 3. Section 11-421, Hawaii Revised Statutes, is  
16 amended by amending subsection (b) to read as follows:

17 "(b) The fund shall consist of:

18 (1) All moneys collected from persons who have [~~designated~~  
19 ~~a portion of their income tax liability to the fund as~~  
20 ~~provided in section 235-102.5(a);~~] made a voluntary  
21 contribution to the fund under section 235- ;



1 (2) Any general fund appropriations; and

2 (3) Other moneys collected pursuant to this part."

3 SECTION 4. Section 11-423, Hawaii Revised Statutes, is  
4 amended by amending subsection (d) to read as follows:

5 "(d) From January 1 of the year of any primary, special,  
6 or general election, the aggregate expenditures for each  
7 election by a candidate who voluntarily agrees to limit campaign  
8 expenditures, inclusive of all expenditures made or authorized  
9 by the candidate alone, all treasurers, the candidate committee,  
10 and noncandidate committees on the candidate's behalf, shall not  
11 exceed the following amounts expressed, respectively multiplied  
12 by the number of voters in the last preceding general election  
13 registered to vote in each respective voting district:

14 (1) For the office of governor - \$2.50;

15 (2) For the office of lieutenant governor - \$1.40;

16 (3) For the office of mayor - \$2.00;

17 (4) For the offices of state senator, state  
18 representative, county council member, and prosecuting  
19 attorney - [~~\$1.40;~~ \$2.10; and

20 (5) For all other offices - 20 cents."



1 SECTION 5. Section 11-425, Hawaii Revised Statutes, is  
2 amended by amending subsections (a) and (b) to read as follows:

3 "(a) The maximum amount of public funds available in each  
4 election to a candidate for the office of governor, lieutenant  
5 governor, or mayor shall not exceed [~~ten~~] twenty per cent of the  
6 expenditure limit established in section 11-423(d) for each  
7 election.

8 (b) The maximum amount of public funds available in each  
9 election to a candidate for the office of state senator, state  
10 representative, county council member, and prosecuting attorney  
11 shall not exceed [~~fifteen~~] sixty per cent of the expenditure  
12 limit established in section 11-423(d) for each election."

13 SECTION 6. Section 11-428, Hawaii Revised Statutes, is  
14 amended to read as follows:

15 "[+]§11-428[+] **Eligibility requirements for public funds.**

16 In order to be eligible to receive public funds for an election,  
17 a candidate shall certify that the candidate will meet all the  
18 following requirements:

19 (1) The candidate and any candidate committee authorized  
20 by the candidate shall not incur campaign expenses in



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- 1 excess of the expenditure limitations imposed by  
2 section 11-423;
- 3 (2) The candidate has qualified to be on the election  
4 ballot in a primary or general election;
- 5 (3) The candidate has filed a statement of intent to seek  
6 qualifying contributions. A contribution received  
7 before the filing of a statement of intent to seek  
8 public funds shall not be considered a qualifying  
9 contribution;
- 10 (4) The candidate or candidate committee authorized by the  
11 candidate has received the minimum qualifying  
12 contribution amounts for the office sought by the  
13 candidate as set forth in section 11-429;
- 14 (5) The aggregate of contributions certified with respect  
15 to any person under paragraph (4) does not exceed  
16 [~~\$100~~] \$200;
- 17 (6) The candidate agrees to obtain and furnish any  
18 evidence relating to expenditures that the commission  
19 may request;



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1           (7) The candidate agrees to keep and furnish records,  
2                   books, and other information that the commission may  
3                   request;

4           (8) The candidate agrees to an audit and examination by  
5                   the commission pursuant to section 11-434 and to pay  
6                   any amounts required to be paid pursuant to that  
7                   section; [~~and~~]

8           (9) Each candidate and candidate committee in receipt of  
9                   qualifying contributions that may be taken into  
10                  account for purposes of public funding shall maintain,  
11                  on a form prescribed by the commission, records that  
12                  show the date and amount of each qualifying  
13                  contribution and the full name and mailing address of  
14                  the person making the contribution. The candidate and  
15                  the candidate committee authorized by the candidate  
16                  shall transmit to the commission all reports with  
17                  respect to these contributions that the commission may  
18                  require[~~+~~];

19           (10) The candidate may not:  
20                    (A) Accept campaign contributions from other than a  
21                    natural person;



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1           (B) Accept money from any political action committee,  
2           corporation, partnership, or business account;  
3           provided that money from a business account may  
4           be accepted if the business account is a sole  
5           proprietorship; or

6           (C) Accept money from a trust other than a revocable  
7           living trust. Any money received from a trust  
8           other than a revocable living trust shall be  
9           returned to the donor within twenty days of  
10           receipt; and

11        (11) No contribution amount under paragraph (5) may be  
12        attributable to a person other than an individual  
13        resident of Hawaii."

14        SECTION 7. Section 11-429, Hawaii Revised Statutes, is  
15        amended by amending subsection (b) to read as follows:

16        "(b) A candidate shall obtain the minimum qualifying  
17        contribution amount set forth in subsection (a) once for the  
18        election period.

19        (1) If the candidate obtains the minimum qualifying  
20        contribution amount, the candidate is eligible to  
21        receive:



1 (A) The minimum payment in an amount equal to three  
2 times the minimum qualifying contribution  
3 amounts; and

4 (B) Payments of [~~\$1~~] \$3 for each \$1 of qualifying  
5 contributions in excess of the minimum qualifying  
6 contribution amounts; and

7 (2) A candidate shall have at least one other qualified  
8 candidate as an opponent for the primary or general  
9 election to receive public funds for [~~that~~] the  
10 election[-] in which the candidate has at least one  
11 other qualified candidate as an opponent."

12 SECTION 8. Section 235-102.5, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 "**§235-102.5 Income check-off authorized.** [~~(a) Any~~  
15 ~~individual whose state income tax liability for any taxable year~~  
16 ~~is \$3 or more may designate \$3 of the liability to be paid over~~  
17 ~~to the Hawaii election campaign fund, any other law to the~~  
18 ~~contrary notwithstanding, when submitting a state income tax~~  
19 ~~return to the department. In the case of a joint return of a~~  
20 ~~husband and wife having a state income tax liability of \$6 or~~  
21 ~~more, each spouse may designate that \$3 be paid to the fund.~~



1 ~~The director of taxation shall revise the individual state~~  
2 ~~income tax form to allow the designation of contributions to the~~  
3 ~~fund on the face of the tax return and immediately above the~~  
4 ~~signature lines. An explanation shall be included which clearly~~  
5 ~~states that the check-off does not constitute an additional tax~~  
6 ~~liability. If no designation was made on the original tax~~  
7 ~~return when filed, a designation may be made by the individual~~  
8 ~~on an amended return filed within twenty months and ten days~~  
9 ~~after the due date for the original return for such taxable~~  
10 ~~year. A designation once made whether by an original or amended~~  
11 ~~return may not be revoked.~~

12 ~~(b)]~~ (a) Notwithstanding any law to the contrary, any  
13 individual whose state income tax refund for any taxable year is  
14 \$2 or more may designate \$2 of the refund to be deposited into  
15 the school-level minor repairs and maintenance special fund  
16 established by section 302A-1504.5, when submitting a state  
17 income tax return to the department. In the case of a joint  
18 return of a husband and wife having a state income tax refund of  
19 \$4 or more, each spouse may designate that \$2 be deposited into  
20 the special fund. The director of taxation shall revise the  
21 individual state income tax return form to allow the designation



1 of contributions to the special fund on the face of the tax  
2 return and immediately above the signature lines. If no  
3 designation was made on the original tax return when filed, a  
4 designation may be made by the individual on an amended return  
5 filed within twenty months and ten days after the due date for  
6 the original return for [~~such~~] the taxable year. A designation  
7 once made, whether by an original or amended return, may not be  
8 revoked.

9        [~~(e)~~] (b) Notwithstanding any law to the contrary, any  
10 individual whose state income tax refund for any taxable year is  
11 \$2 or more may designate \$2 of the refund to be paid over to the  
12 libraries special fund established by section 312-3.6, when  
13 submitting a state income tax return to the department. In the  
14 case of a joint return of a husband and wife having a state  
15 income tax refund of \$4 or more, each spouse may designate that  
16 \$2 be deposited into the special fund. The director of taxation  
17 shall revise the individual state income tax form to allow the  
18 designation of contributions to the fund on the face of the tax  
19 return and immediately above the signature lines. If no  
20 designation was made on the original tax return when filed, a  
21 designation may be made by the individual on an amended return



1 filed within twenty months and ten days after the due date for  
2 the original return for [~~such~~] the taxable year. A designation  
3 once made, whether by an original or amended return, may not be  
4 revoked.

5 [~~(d)~~] (c) Notwithstanding any law to the contrary, any  
6 individual whose state income tax refund for any taxable year is  
7 \$5 or more may designate \$5 of the refund to be paid over as  
8 follows:

9 (1) One-third to the Hawaii children's trust fund under  
10 section 350B-2; and

11 (2) Two-thirds to be divided equally among:

12 (A) The domestic violence and sexual assault special  
13 fund under the department of health in section  
14 321-1.3;

15 (B) The spouse and child abuse special account under  
16 the department of human services in section  
17 346-7.5; and

18 (C) The spouse and child abuse special account under  
19 the judiciary in section 601-3.6.

20 When designated by a taxpayer submitting a state income tax  
21 return to the department, the department of budget and finance



1 shall allocate the moneys among the several funds as provided in  
2 this subsection. In the case of a joint return of a husband and  
3 wife having a state income tax refund of \$10 or more, each  
4 spouse may designate that \$5 be paid over as provided in this  
5 subsection. The director of taxation shall revise the  
6 individual state income tax form to allow the designation of  
7 contributions pursuant to this subsection on the face of the tax  
8 return and immediately above the signature lines. If no  
9 designation was made on the original tax return when filed, a  
10 designation may be made by the individual on an amended return  
11 filed within twenty months and ten days after the due date for  
12 the original return for ~~[such]~~ the taxable year. A designation  
13 once made, whether by an original or amended return, may not be  
14 revoked."

15 SECTION 9. Section 302A-1504.5, Hawaii Revised Statutes,  
16 is amended by amending subsection (a) to read as follows:

17 "(a) There is established within the state treasury a  
18 special fund to be known as the school-level minor repairs and  
19 maintenance special fund, into which shall be deposited all  
20 moneys collected pursuant to section [~~235-102.5(b)~~], 235-  
21 102.5(a), and any other moneys received by the department in the



1 form of grants and donations for school-level improvements and  
2 minor repairs and maintenance. The special fund shall be  
3 administered by the department and used to fund school-level  
4 minor repairs and maintenance. The department shall transfer  
5 moneys collected pursuant to section [~~235-102.5(b),~~] 235-  
6 102.5(a), and may transfer any other moneys received in the form  
7 of grants and donations for school-level improvements and minor  
8 repairs and maintenance to the Hawaii 3R's school improvement  
9 fund established pursuant to section 302A-1502.4."

10 SECTION 10. Section 312-3.6, Hawaii Revised Statutes, is  
11 amended by amending subsection (a) to read as follows:

12 "(a) There is established in the state treasury a  
13 libraries special fund into which shall be deposited all moneys  
14 collected pursuant to section 312-3.5, and all moneys designated  
15 to be paid to this fund pursuant to section [~~235-102.5(e).~~] 235-  
16 102.5(b)."

17 SECTION 11. This Act does not affect rights and duties  
18 that matured, penalties that were incurred, and proceedings that  
19 were begun before its effective date.

20 SECTION 12. Statutory material to be repealed is bracketed  
21 and stricken. New statutory material is underscored.

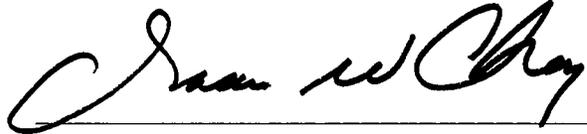


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1 SECTION 13. This Act shall take effect upon its approval  
2 and shall apply to taxable years beginning after December 31,  
3 2017.

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INTRODUCED BY:



B/r

JAN 20 2017



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**Report Title:**

Campaign Finance; Income Tax

**Description:**

Makes various changes to the campaign finance laws.

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