

April 3, 2023

Rep. Kyle T. Yamashita, Chair
Rep. Lisa Kitagawa, Vice Chair
Committee on Finance
Wednesday, April 5, 2023
2:00 pm
Via Videoconference



RE: **SB1543 HD1** Public Financing for Candidates (**SUPPORT with Amendments**)

Dear Chair Yamashita, Vice Chair Kitagawa & Committee Members,

Chamber of Sustainable Commerce testifies in support of SB1543 HD1, which establishes a comprehensive system of public financing for all candidates seeking election to state and county public offices in the State of Hawaii, to begin with the 2026 general election year, requires the Campaign Spending Commission to submit a progress and final report to the Legislature and appropriates funds.

As small business owners who believe we can strengthen our economy without hurting workers, consumers or the environment, we urge this committee to vote in favor of passing SB1543 HD1, because this bill brings us one step closer towards a democracy that protects small business owners, workers, consumers and the environment – and not just large corporate campaign donors who can afford to pay to play.

Developers, defense contractors, big pharma, agri-chemical corporations and others give incumbent candidates the max allowable contributions, then they hire lobbyists who give max contributions to these same candidates; and then some of those unchallenged incumbents buy max donation tickets to fundraisers for incumbents who have contested races; all of these max contributions quickly add up to a campaign war chest for the incumbent – that is almost impossible to challenge.

Furthermore, the campaigns of many legislative leaders have already benefited from state taxpayer money being funneled through state Grant-In-Aid (GIA) recipients that were hand-picked by legislative leaders with a portion of that money ending up in their campaign accounts. For examples of "GIA campaign kickbacks" take a look at how much taxpayer money went to GIA recipients Navatek and Chamber of Commerce Military Affairs Council and compare those numbers to campaign contributions from employees, consultants, lobbyists and family members of those GIA recipients. The legislature has exempted the millions of dollars of GIA awards from the Ethics Commission's oversight.

**Hawaii
Legislative
Council**

Maile Meyer
Na Mea Hawaii
Honolulu

Russel Rudderman
Island Naturals
Hilo / Kona

Tina Wildberger
Kihei Ice
Maui

Joell Edwards
Wainiha Country Market
Kauai

Kim Coco Iwamoto
AQuA Rentals, LLC
Honolulu

Publicly financing campaigns through SB1543 HD1 gives candidates who are not receiving pay-to-play contributions or GIA kickbacks, a more equitable opportunity to educate voters in their district that they are viable candidates.

CSC urges this committee to **make the following amendments** to SB1543 HD1: 1) revert commencement to the 2024 election; 2) revert effective date to July 1, 2023; and 3) make sure minimum number of qualifying contributions (QCs) are accurately proportional to size of district and maximum public funding per race. HD1 is flawed in that 400 QCs are required for a state senate candidate to get \$100K but a governor candidate needs only 6,250 QCs to get \$2.5M. Since the governor's race covers 25 times the senate district, then governor candidates should be required to get 10,000 QCs. If this committee keeps the governor QCs at 6,250 then the state senate candidate should only have to get 250 QCs.

This bill offers just one step toward clean elections; the legislature should also make the following changes: cap the max allowable contribution at \$100 per donor per candidate, prohibit candidate campaigns from making contributions to other candidate campaigns and ensure the Ethics Commission has oversight over GIA recipients as the do other recipients of state funded contracts.



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