



HAWAII STATE ETHICS COMMISSION

State of Hawaii • Bishop Square, 1001 Bishop Street, ASB Tower 970 • Honolulu, Hawaii 96813

March 27, 2014

The Honorable, Sylvia Luke, Chair
The Honorable, Scott Y. Nishimoto, Vice Chair
The Honorable Aaron Ling Johanson, Vice Chair
House Committee on Finance
Hawaii State Capitol, Room 306
415 South Beretania Street
Honolulu, Hawaii 96813

Re: **Testimony on S.B. No. 2634, S.D.1, H.D.1, Relating to Lobbyists**

Hearing: March 27, 2014, 2:00 p.m.
State Capitol, Conference Room 308

Testimony From: Hawaii State Ethics Commission

The Honorable Sylvia Luke, Chair; The Honorable Scott Y. Nishimoto, Vice Chair;
The Honorable Aaron Ling Johanson, Vice Chair; and The Honorable Members of the
House Committee on Finance:

Thank you for this opportunity to testify on S.B. No. 2634, S.D.1, H.D.1, Relating to Lobbyists. This bill amends Hawaii Revised Statutes ("HRS") chapter 97, the Lobbyists Law, to require that lobbying expenditures and contributions statements, which are filed with the State Ethics Commission ("Commission") by lobbyists and lobbying organizations,¹ contain a categorization of expenditures by dollar amount. The Commission supports S.B. No. 2634, S.D.1, H.D.1.

¹ HRS section 97-3 reads:

§97-3 Contributions and expenditures; statement. (a) The following persons shall file a statement of expenditures with the state ethics commission on March 31, May 31, and January 31 of each year:

- (1) Each lobbyist.
- (2) Each person who spends \$750 or more of the person's or any other person's money in any six-month period for the purpose of attempting to influence legislative or administrative action or a ballot issue by communicating or urging others to communicate with public officials; provided that any amounts expended for travel costs, including incidental meals and lodging, shall not be included in the tallying of the \$750.
- (3) Each person who employs or contracts for the services of one or more lobbyists, whether independently or jointly with other persons. If the person is an industry, trade, or professional association, only the association is the employer of the lobbyist.

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Currently, the Lobbyists Law requires only the reporting of total lobbying expenditures and does not require that those expenditures be categorized according to their nature and purpose.² For example, if a lobbying organization spends \$1,000 on a media advertisement and \$500 on a consultant, the lobbying organization is only required to report that it spent a lump sum of \$1,500. This bill would amend the law to require lobbying expenditures to be reported in nine specific categories.

The Commission believes that categorizing lobbying expenditures in this way will provide greater transparency and more meaningful information to the public. Although the Commission's expenditures report forms include a number of categories that filers are asked to use when reporting lobbying expenditures,³ this categorization is not currently required by the Lobbyists Law. The Commission believes that the categorization would assist the public in its understanding of expenditures that are made by lobbyists and lobbying organizations seeking to influence legislative action.

We appreciate the opportunity to testify on S.B. No. 2634, S.D.1, H.D.1, Relating to Lobbyists. We would like to thank the Committee for its consideration of our testimony.

² HRS section 97-3(c)(3) states:

§97-3 Contributions and expenditures; statement. (c) The statement shall contain the following information:

- (3) The total sum or value of all expenditures for the purpose of lobbying made by the person filing the statement during the statement period in excess of \$750 during the statement period. . . .

³ The lobby expenditures and contributions statement requests filers to report expenditures in the following ten categories, which are similar to those provided for in this bill:

1. Preparation and distribution of Lobbying Materials
2. Media Advertising
3. Postage
4. Compensation Paid to Lobbyists
5. Fees Paid to Consultants (Other than to Lobbyists)
6. Entertainment and Events
7. Receptions, Meals, Food and Beverages
8. Gifts
9. Loans
10. Other Disbursements