

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
ANNUAL REPORT ON GOALS, OBJECTIVES AND POLICIES

January 2024

Program ID/Title: AGS-871/NA Campaign Spending Commission

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I. Goals

- A. Goal - To improve campaign finance laws and rules to increase transparency, compliance, and ensure the integrity of the campaign finance process.
- B. Goal - To provide training, education, and access to committees for purposes of compliance with, and increasing awareness of, campaign finance laws and rules.
- C. Goal – To increase education, awareness, and access for the public.
- D. Goal – To explore, examine, and implement technological advances and capacities to improve access, reduce paperwork, and increase compliance.
- E. Goal – To obtain compliance with campaign finance laws and rules through enforcement actions.
- F. Goal – To ensure organizational and institutional sustainability.

II. Objectives and Policies

- A. Goal - To improve campaign finance laws and rules to increase transparency, compliance, and ensure the integrity of the campaign finance process.
  - Review existing laws as well as propose and submit legislation as needed.
  - Review existing rules and procedures as well as propose administrative rules as needed.
- B. Goal - To provide training, education, and access to committees for purposes of compliance with, and increasing awareness of, campaign finance laws and rules.
  - Offer and provide training on campaign finance laws and rules.
  - Provide educational and informational materials on how to comply with campaign finance laws and rules.
  - Evaluate the effectiveness of and explore (and implement as needed) new methods of training, education, and communication of information.

- Direct the committees to the Commission's website and continue to improve web-based information as well as other social media applications.
  - Encourage the committees to contact the Commission and/or visit the Commission's office to assist in compliance with campaign finance laws and rules.
  - Issue advisory opinions as requested.
- C. Goal – To increase education, awareness, and access for the public.
- Inform and educate the public about campaign finance laws and rules.
  - Explore and implement improvements to the Commission's online presence and other media applications to provide the public with campaign finance committee data and information.
- D. Goal – To explore, examine, and implement technological advances and capacities to improve access, reduce paperwork, and increase compliance.
- Increase the Commission's capability to process and analyze reported data.
  - Maintain awareness of newer technology, including electronic filing systems and hardware/software or applications, for consideration of integration and/or implementation.
  - Maintain awareness of the implications of technological changes on all aspects of campaign finance.
- E. Goal – To obtain compliance with campaign finance laws and rules through enforcement actions.
- Develop escalating penalties for repeat and gross violations, and disseminate information about the penalties.
  - Seek enforcement of the campaign finance laws and rules against violators.
- F. Goal – To ensure organizational and institutional sustainability.
- Monitor funding and develop proposals to stabilize funding as needed.
  - Provide Commissioner and staff development.
  - Develop and implement plans for continuity of operations.

- Monitor compliance with the strategic plan and annually report to the Commission, committees, and the public.

III. Action Plan with Timetable

**A. Goal - To improve campaign finance laws and rules to increase transparency, compliance, and ensure the integrity of the campaign finance process.**

- **Past Year Accomplishments**

Review existing laws as well as propose and submit legislation as needed. The 2023 legislative session was a historic session for the Commission with an unprecedented number of bills positively affecting campaign finance that were signed into law by Governor Josh Green. The Commission submitted eleven (11) bills to the President of the Senate and the Speaker of the House for introduction of which seven (7) became law. They are as follows:

Act 4 (H.B. 90), RELATING TO COMMITTEE FUNDRAISERS

Effective March 31, 2023, amends Hawaii Revised Statutes (“HRS”) §11-342 to require all candidate and noncandidate committees to file their fundraiser notices regardless of the price or suggested contribution for attending the function.

Act 5 (H.B. 93), RELATING TO ORGANIZATIONAL REPORTS

Effective March 31, 2023, amends HRS §11-322 and §11-323 to provide that any candidate or noncandidate committee who fails to register with the Commission or correct their organizational report will have their name published on the Commission’s website until they comply.

Act 6 (H.B. 99), RELATING TO LIMITING A CAMPAIGN’S ACCEPTANCE OF CASH CONTRIBUTIONS

Effective March 31, 2023, amends HRS §11-351 to require that a candidate, candidate committee, and noncandidate committee shall limit to \$100 the total amount of cash they may accept from a single person during each election period.

Act 69 (H.B. 97, H.D. 1, S.D. 1), RELATING TO PRELIMINARY DETERMINATION OF PROBABLE CAUSE

Effective June 7, 2023, amends HRS §11-405(a) to provide that service of the Commission’s preliminary determination of probable cause orders will be done by first class mail rather than certified mail and a courtesy copy will be sent by email (if the email address is known by the Commission). Further, there shall be a presumption that the committee received the order within 7 business days of the order being mailed.

Act 118 (S.B. 203, S.D. 1, H.D. 1, C.D. 1), RELATING TO COMPLAINTS ALLEGING VIOLATIONS OF CAMPAIGN SPENDING LAWS

Effective June 23, 2023, amends HRS §11-403 to provide that there is a rebuttable presumption that a campaign finance violation has occurred for respondents who fail to explain or otherwise respond to complaints alleging campaign spending violations within 30 days from the mailing of the complaint.

Act 120 (H.B. 91, H.D. 1, S.D. 1), RELATING TO ORDERS OF THE CAMPAIGN SPENDING COMMISSION

Effective June 23, 2023, amends HRS §11-405 and §11-410 to provide that a person waives the right to a contested case hearing if they fail to request a contested case hearing within 30 days of receipt of the Commission's preliminary determination of probable cause order. Further, a final order of the Commission may be filed in First Circuit Court for confirmation as a civil judgment, enforceable and collectible as any other judgment issued in the circuit courts.

Act 121 (H.B. 92, S.D. 1), RELATING TO VIOLATIONS OF CAMPAIGN FINANCE LAW

Effective June 23, 2023, amends HRS §11-410 to provide that the fine for noncandidate committees making only independent expenditures (Super PACs) that have received at least one contribution of more than \$10,000, or spent more than \$10,000 in an election period, is increased to an amount not to exceed \$5,000 for each occurrence or an amount not to exceed three times the amount of the unlawful contribution or expenditure for a campaign finance violation. Further, if the noncandidate committee cannot pay, the Commission may order that the fine be paid from the personal funds of the candidate or officers of the noncandidate committee (i.e., chairperson and/or treasurer).

The four (4) Commission bills that did not pass included a bill that: (1) increased the partial public funding program and established 2 full-time positions in the Commission (H.B. 95 & S.B. 200); (2) extended the pay-to-play state and county government contractor ban to grants-in-aid recipients as well as owners, officers, and immediate family members of the government contractor/grantee (H.B. 96 & S.B. 201); (3) prohibited candidates from using campaign funds to purchase up to 2 tickets for another candidate or committee's fundraiser (H.B. 94 & S.B. 199); and (4) prohibited elected officials from accepting and soliciting contributions during legislative session (H.B. 89 & S.B. 194). The Commission will continue its efforts to advocate for these bills in the future, but is grateful to have made positive progress in the area of transparency and accountability in campaign finance.

Notably, there were eight (8) bills impacting campaign finance that were signed into law submitted by other interested parties. They are as follows:

Act 117 (H.B. 1294, H.D. 1, S.D. 1, C.D. 1), RELATING TO ELECTIONS

Effective June 23, 2023, if the candidate name requested to be printed on the ballot is different than the candidate's legal name, the Office of Elections and the Commission will include the candidate's legal name wherever the name requested to be printed on the ballot is used.

Act 119 (S.B. 1189, S.D. 1, H.D. 1, C.D. 1), RELATING TO CAMPAIGN FINANCE

Effective January 1, 2026, amends HRS §11-334 to add a new preliminary primary report on February 28 of the year of a general election for candidates whose name will appear on the ballot in the 2026 election.

Act 122 (H.B. 463, S.D. 1, C.D. 1), RELATING TO ELECTIONS

Effective June 23, 2023, amends HRS §11-321(g) to provide that noncandidate committees must register with the Commission by filing an Organizational Report within 10 days of receiving contributions or making expenditures of more than \$500, in the aggregate, in a 2-year election period.

Act 127 (S.B. 51, S.D. 1, H.D. 1, C.D. 1), RELATING TO CAMPAIGN FINANCE

Effective July 1, 2023, amends HRS §11-323 and §11-391 to provide that a noncandidate committee who: (1) fails to comply with Organizational Report requirements is subject to a minimum fine of \$1,000 per violation; (2) fails to have the proper advertisement disclaimer is subject to a fine of no less than \$150 for each advertisement; and (3) fails to identify the top 3 contributors to advertisements paid by Super PACS is subject to a fine of \$1,000 per violation.

Act 128 (S.B. 1493, S.D. 1, H.D. 1, C.D. 1), RELATING TO LOBBYISTS

Effective June 23, 2023, lobbyists who are actively registered with a State or county ethics board or commission are prohibited from contributing to an elected official, candidate, candidate committee, noncandidate committee, or any other individual required to file an Organizational Report with the Commission, or making an expenditure on behalf of these persons, during any regular or special session of the legislature, and for 5 calendar days before and after a session. Any prohibited contribution shall escheat to the Hawaii Election Campaign Fund.

Act 130 (H.B. 986, H.D. 1, S.D. 1, C.D. 1), RELATING TO OFFICIAL MISCONDUCT

Effective June 23, 2023, it shall be a class C felony for the offense of official misconduct which prohibits a public servant from acting or refraining from performing an official duty with the intent to obtain a benefit other than the person's lawful compensation, or submitting or inviting reliance on any false statement, document, or record. The adoption of the felony offense of official misconduct gives law enforcement/prosecutorial authorities an important tool to combat public corruption.

Act 131 (S.B. 228, S.D. 1, H.D. 1, C.D. 1), RELATING TO FRAUD

Effective June 29, 2023, there are 3 new felonies: (1) A class B felony for the offense of fraud if, with the intent to defraud, the person executes or attempts to execute any scheme or artifice to defraud or for the purpose of obtaining money or property by means of false or fraudulent pretenses, representations, or promises including to deprive another of the intangible right of honest services; (2) A class C felony for the offense of making a false, fictitious, or fraudulent claim against the State or county if the person makes or presents to any agent of the State, counties, or any department or agency thereof any claim upon or against the State, county, department, or agency that the person knows to be false, fictitious, or fraudulent; and (3) A class C felony for the offense of using false statements or entries in matters within the jurisdiction of the executive, legislative, or judicial branches of the State. The adoption of the offense of honest services fraud gives law enforcement/prosecutorial authorities an important tool to combat public corruption. The felony offense of the use of false statements or entries may be applicable to reports filed with the Commission.

Act 137 (H.B. 710, H.D. 1, S.D. 2, C.D. 1), RELATING TO GOVERNMENT

Effective June 29, 2023, it shall be a class B felony for the offense of obstruction of justice if a person intentionally influences, obstructs, impedes, or endeavors to influence, obstruct, or impedes the due administration of justice by means of force, threat of force, coercion, fraud, or deception. The adoption of the offense of obstruction of justice gives law enforcement/prosecutorial authorities an important tool to combat public corruption. The felony offense of obstruction of justice may be applicable to deceptive statements made to the Commission.

Other bills that were introduced by other parties which did not get signed into law concerned additional reporting, political advertising including red-boxing, concerns over foreign influences, permitting use of campaign funds for child care, full public funding, and enhanced criminal statutes and penalties.

For this legislative session, the Commission was a member of the Commission to Improve Standards of Conduct (“CISC”) which was established by House Resolution No. 9 (2022) to ensure state laws and rules relating to standards of conduct of public officers and employees contain clear standards, enforcement, and penalties, and provide recommendations to increase awareness of, compliance with, and deterrent effects of the code of ethics, lobbying laws, campaign finance laws, and other relevant laws and rules. The Commission was fortunate to have had the support of the CISC on all of its bills submitted.

Review existing rules and procedures as well as propose administrative rules as needed. There were no changes to the Commission’s administrative rules and procedures during this fiscal year.

- **One Year** – Draft and submit legislation seeking technical revisions to the campaign finance laws for purposes of clarity, consistency, and style as well as to seek substantive changes as needed.
- **Two Year/Five Year** – Continue to update the law and monitor whether changes to the Commission’s rules and procedures are needed.

**B. Goal - To provide training, education, and access to committees for purposes of compliance with, and increasing awareness of, campaign finance laws and rules.**

- **Past Year Accomplishments**

Offer and provide training on campaign finance laws and rules. In anticipation of the 2022 election, Commission staff had offered candidate and noncandidate committee in-person training on all islands in May and June 2022. Cyber-learning training is also available on the Commission’s website for 24-hour remote access as well as access to committee guidebooks and manuals.

Provide educational and informational materials on how to comply with campaign finance laws and rules. In preparation for the 2022 election, the Commission reviewed and revised its training modules which are all available on the Commission’s website (i.e., guidebooks, manuals, cyber-learning videos, and PowerPoint presentations). The Commission continues to publish a bi-annual newsletter for distribution by email in January and July to inform the committees, public, and anyone else who has signed up for our email distribution of reminders, new laws going into effect, tips, and other relevant topics on compliance and Commission matters.

Evaluate the effectiveness and explore (and implement as needed) new methods of training, education, and communication of information. Current efforts to communicate with committees have been successful – especially, our website, e-blasts, and tweets. We have noticed that oftentimes our tweets get retweeted. The Commission will continue to identify other mechanisms to communicate with multi-generational audiences and employ such tools as needed or if appropriate.

The Commission continues to work with the Office of Elections and county clerks in providing informational packets to give to candidates who file their nomination papers. When candidates file their nomination papers, Office of Elections has included on their Candidate Profile worksheet a section that the candidate initials acknowledging that he/she understands that they need to register with the Commission and file reports. This has been very beneficial. Prior to each election, the Commission meets with Office of Elections and county clerks to address any new concerns/issues as well as to ensure that the process of certifying candidates' compliance with campaign finance laws is operating properly so that the winning candidates are able to be sworn into office.

Direct the committees to the Commission's website and continue to improve web-based information as well as other social media applications. For purposes of transparency, much of the Commission's operations, business, and finances are posted on the Commission's website including Commissioners' biographies, meeting agendas and minutes, newsletters, advisory opinions, Hawaii Election Campaign Fund ("HECF") trust fund information, annual reports, campaign finance statistics, and the Strategic Plan. We continue to evaluate our website and update it to include new links for First Time Candidates, commonly asked FAQs (election and non-election year), a payment link to pay fines, and election summaries. Information of current interest is constantly identified and posted on the Commission's website including statute and rule changes, legislation, reporting deadlines, enforcement issues, and new informational and technological tools. There are also links for viewing reports, filing reports, seeking guidance including cyber-learning presentations, forms, guidebooks, and qualifying for public funding. Based on the results of our annual online survey, we understand that our website continues to be our strongest resource in providing stakeholders and interested parties with campaign finance information. As such, we continue to fine-tune our website with a focus on building more efficient and user-friendly navigation tools which includes a searchable database of all the campaign finance data filed by committees. We have also included a section on our home page for our latest tweets and highlighted the candidate and noncandidate committee data visualization apps. These updates are done at zero cost to the Commission. During this period, we had 137,294 "hits" to our website.

The Commission regularly uses e-blasts as well as Facebook and Twitter posts to inform and educate committees and the public on campaign finance topics. We have found the e-blasts to be especially effective in sending out time sensitive information such as reporting deadline reminders and changes in the law. It also permits us to notify interested parties about registering for training classes, publication of new educational tools, and other campaign finance information. Efforts to not overuse the email system and reserve it for distribution of important announcements is always a consideration. During this period, the CSC email system was employed 113 times and we have 1,096 total subscribers. Notably, subscribers are separated into three groups – candidates (437 subscribers), noncandidate committees (264 subscribers), and the public (395 subscribers), thereby permitting us to target relevant audiences with the e-blast.



Since July 2011, we have been employing social media tools such as Facebook and Twitter to leverage our capabilities to increase, enhance, and supplement our communication efforts to inform the public of important and time sensitive campaign finance information. During this fiscal year, we issued 377 tweets with a total tally of over 25,866 impressions or times a tweet has been seen.

Furthermore, the Commission has an ongoing partnership with the State of Hawaii's Office of Enterprise Technology Services ("ETS") to improve the Commission's two statutorily required electronic filing systems for candidate committees and noncandidate committees which provides us with the campaign spending data that we use to provide transparency in elections to the public.

The candidate committee dashboard app was launched at the end of fiscal year 2018 which consolidated campaign spending data filed by candidates and provided for better comparative analyses of the data by office, party, and reporting period, continues to be very helpful and was viewed 21,436 times during this period. Its success helped the Commission to seek funding to build the noncandidate committee dashboard counterpart which we launched on March 18, 2020, and was viewed 1,217 times during this period. This dashboard app is a powerful addition to the candidate dashboard app which consolidates campaign spending data filed by noncandidate committees including Super PACs and provides for better analyses of the data. This particular app replaced the Commission's Noncandidate Committee Data Visualization app which was in use since 2014, and will permit the public to see in a more visually engaging and interactive way how noncandidate committees are stacking up against one another in the area of contributions received, contributions made to candidates, expenditures and independent expenditures made.

Encourage the committees to contact the Commission and/or visit the Commission's office to assist in compliance with campaign finance laws and rules. This position has always been emphasized. The Commission handles numerous phone calls, walk-ins, and inquiries daily. A computer is located in our office for committees to file their reports and to seek our assistance. As government services were being restored as a result of COVID-19 restrictions being lifted, staff members remained vigilant as omicron and the other variants surged, and kept hybrid work schedules which consisted of teleworking and in the office. Committees were encouraged to make appointments to visit the office and were assisted over the phone and via email. Having successfully completed an election year in 2020 with a government shut-down due to COVID-19, Commission staff were equipped to work continuously including remotely to service the 700+ committees.

Issue advisory opinions as requested. There were no advisory opinions requested during this period.

- **One Year** - Continue to drive the public to our website and utilize social media applications as well as employ our email system to inform and educate. Revise and update guidebooks, manuals, and cyber learning videos. Issue advisory opinions as requested.
- **Two Year/Five Year** – Plan, organize, and host trainings in election years. Continue to identify mechanisms to increase education, awareness and access to the committees.

**C. Goal – To increase education, awareness, and access for the public.**

- **Past Year Accomplishments**

Inform and educate the public about campaign finance laws and rules. The Commission disseminates to the public information concerning campaign finance by posting anything new/interesting on our website under “What’s New,” publishing biannual newsletters, and e-blasting, tweeting, and posting on Facebook. New laws, legislation, guidance, updates to the guidebooks and manuals, updates to the electronic filing systems, and new forms are examples of what the Commission e-blasts, tweets, and posts.

Explore and implement improvements to the Commission’s online presence and other media applications to provide the public with campaign finance committee data and information. The Commission continues to promote its searchable database, data visualization applications, candidate committee dashboard, and noncandidate committee dashboard which are available to anyone on the Commission’s website. The candidate committee and noncandidate committee data visualization applications permit viewers to see the data reported by over 700 committees in a more visually attractive, user-friendly, and dynamic way for a particular election period. These applications were conceived to provide greater transparency and accountability in political campaigns to enable the public to follow the money of candidate committees’ and noncandidate committees’ participation in Hawaii elections. The candidate and noncandidate committee dashboards further help the public (and committees) to see contributions and expenditures from candidates and/or noncandidate committees (including Super PACs) in a comparative format. For candidates, the format is arranged by office, party, and reporting period. For noncandidate committees, the format is arranged by noncandidate committee type (standard, ballot issue, independent expenditure, political party) and the area, scope, or jurisdiction of a noncandidate committee.

Further, at the close of each election, election data is compiled, sorted, analyzed, and summarized in charts, top 10 lists, and cost per vote. These election summaries are all available and posted on the Commission’s website under a designated link. Given staff shortages, staff will compile and post the 2022 election data in the next fiscal year.

- **One Year** - Continue to work and meet with ETS to identify areas and ways to further this goal including developing visualizations and graphics to our data and examining other applications to increase, supplement, and enhance communication with candidates, committees, and the public. Evaluate current systems, hardware, and software to determine whether upgrades are needed. Update all systems to conform with new laws.
- **Two Year/Five Year** - As ETS is able to complete our work orders with respect to our electronic filing systems, we will continue to collaboratively identify analyses capability of contributions and expenditures data. In recognition that technology plays a critical role in communicating, it is important to remain abreast of newer applications and social media which will enable us to more effectively improve access, increase compliance, and meaningfully engage stakeholders and interested parties.

**D. Goal – To explore, examine, and implement technological advances and capacities to improve access, reduce paperwork, and increase compliance.**

- **Past Year Accomplishments**

Increase the Commission’s capability to process and analyze reported data.

During this period, the Commission continued its work with ETS on a rewrite of the Commission’s electronic filing systems using a new code generator software called ScriptCase which is a replacement to CodeCharge currently being used by ETS. This new software allows ETS to rewrite the filing systems in the most current version of the PHP language and enhance some of the system’s features such as creating a single data entry point for entering transactions into our schedules, auto filling names when data is entered, and allowing Commission staff to add reporting deadlines to reporting schedules based on a candidate or noncandidate committee's reporting track.

During this fiscal year, the Commission completed the rewrite of the candidate filing system in time for the 2022 election and continued work on the rewrite of the noncandidate committee system to be completed before the 2024 election.

The Commission continues to rely on its searchable database to run queries on various campaign finance issues. Providing a searchable database to the public is a statutory mandate so to comply with this, the Commission has posted its candidate and noncandidate committee datasets on the State’s open data platform provided by Socrata since 2012. Furthermore, as a result of the State phasing out the Socrata contract in August 2020 and switching to OpenGov which is the new provider of the State’s open data platform, the Commission also added its candidate and noncandidate committee datasets (searchable database) to this new site which it did with the launch of the OpenGov site on May 13, 2020.

The Commission continues to work with Socrata under its own contract to host its datasets on the Commission’s designated open data site which provides data to its dashboards through the 2024 election, and has completed the redevelopment of

these dashboards on the OpenGov platform during this fiscal year as a contingency for the future of our dashboards.

Maintain awareness of newer technology, including electronic filing systems and hardware/software or applications, for consideration of integration and/or implementation. The Commission works closely with ETS and as a result has benefitted from their expertise and assistance in scaling and maximizing our hardware/software applications.

The Commission continues its employment of eSign forms for committees to use as an additional and alternative way to submit forms. The tool was made available through ETS' commitment to employ new technology to improve government efficiency, services, and communication. The success of eSign is tremendous especially given the COVID-19 pandemic. During the reporting period, we have received and processed 1,129 eSign documents.

Effective January 2018, the Commission extended an alternative payment method for those committees fined to achieve a higher level of compliance and offer better convenience to the committees. Specifically, committees who were assessed an administrative fine were informed that they would have the option to pay their fine not only by check, money order, or cash, but with a credit card online via PayPal using their PayPal account or a guest account. The committees were informed that there would be no fee to use this alternative option and that the Commission opted to absorb the fee of 3.49% of the total payment plus \$0.49. The Commission however noted that if at any point in time the Commission was unable to afford these fees or the fees were approaching the state procurement threshold, it would notify the committees that it would have to stop accepting online payments. During this fiscal year, the Commission received 222 payments via PayPal totaling \$56,785, which included payments for administrative fines and escheats.

The annual COGEL conference is another source from which we learn about other campaign finance systems and technology. During this period, however, there were no plans nor funding to alter our electronic filing systems.

Maintain awareness of the implications of technological changes on all aspects of campaign finance. The annual COGEL conference has been a great venue for the Commission to learn about technological changes or advances employed by other campaign finance offices. During this fiscal year, there were no technological changes that the Commission deemed viable for employment in Hawaii; however, we remain receptive to all new ideas.

- **One Year** – Update guidebooks, manuals, and cyber learning videos. Continue to work closely with the Office of Elections concerning certification of elected officials. Renew our instructor certification with Board of Accountancy.

- **Two Year/Five Year** – Explore other avenues for training and disseminating information.

**E. Goal – To obtain compliance with campaign finance laws and rules through enforcement actions.**

- **Past Year Accomplishments**

Develop escalating penalties for repeat and gross violations, and disseminate information about the penalties. The Commission continues to find that there are some candidate and noncandidate committees who do not file their reports. As such, the Commission has been invoking administrative fines pursuant to HRS §11-410(a) as a means to take a stronger punitive stance to those committees who completely fail to file reports by the statutory deadline or violate campaign finance laws. The Commission further finds that there are some candidate and noncandidate committees who do not comply with Commission orders when a campaign finance violation has been determined. To this extent, the Attorney General's Office – Civil Recoveries Division has been assisting the Commission to obtain judicial enforcement of Commission orders. There were 14 referrals this fiscal year to the Civil Recoveries Division.

The Commission filed 73 complaints this fiscal year (an election year) which resulted in a total of \$33,367.43 in assessed administrative fines. Of the total amount of fines assessed, \$15,239.26 was collected due to 31 committees failing to pay resulting in a referral to the Attorney General's Office – Civil Recoveries Division (14 committees aggregating \$11,867.23 in uncollected fines) or the Commission putting them on inactive status because the Commission's order was undeliverable (17 committees aggregating \$6,060.94 in uncollected fines). A summary of the complaints and their disposition are as follows:

- 53 complaints yielded a preliminary determination of a campaign finance violation resulting in \$25,942.43 in assessed administrative fines for late/unfiled report violations;
- 6 complaints yielded a preliminary determination of a campaign finance violation resulting in \$725 in assessed administrative fines for Organizational Report violations;
- 1 complaint yielded a preliminary determination of a campaign finance violation resulting in \$1,000 in assessed administrative fines for the prohibited use of information contained in campaign finance reports;
- 1 complaint yielded a preliminary determination of a campaign finance violation resulting in \$25 in assessed administrative fines for filing a late fundraiser notice;
- 1 complaint yielded a preliminary determination of a campaign finance violation resulting in \$25 in assessed administrative fines for an advertisement missing a disclaimer;
- 1 complaint yielded a preliminary determination of a campaign finance violation resulting in \$1,000 in assessed administrative fines for failing to report expenditures;

- 1 complaint yielded a preliminary determination of a campaign finance violation resulting in \$3,000 in assessed administrative fines for prohibited government contractor contributions;
- 2 complaints were referred for criminal prosecution for failing to file a report and filing 23 false reports – the former resulted in a deferred acceptance of no contest plea in August 2023 and the latter is pending review by the prosecuting authority;
- 3 complaints were deferred and later dismissed due to eligibility and approval of a conciliation agreement concerning late report violations;
- 3 complaints were withdrawn or dismissed due to compliance in paying the administrative fine concerning late report violations.

In addition to the aforementioned complaints, 2 third-party complaints were filed in FY 2022 alleging a candidate and Super PAC coordinated activities in connection with two advertisements and sought prosecution as a remedy. The complaints were heard at a Commission meeting in January 2023 and resulted in a preliminary determination of a campaign finance violation resulting in the following fines and escheats. For one of the advertisements, the Commission found coordination, and thus, the Super PAC had exceeded the contribution limit of the candidate committee by \$24,157.20. As such, this excess was ordered to be escheated by the candidate committee, and a fine of \$1,000 was assessed against the Super PAC. Further, because coordination was found, the Super PAC lost its Super PAC status, and thus, 3 contributions were deemed to have exceeded the \$1,000 contribution limit for noncandidate committees who are not Super PACs. Specifically, from 3 contributors, an excess contribution was found and a corresponding fine amount was assessed as follows: (1) \$29,000 excess contribution or escheat and a \$1,000 fine; (2) \$4,000 excess contribution or escheat and a \$750 fine; and (3) \$6,000 excess contribution or escheat and a \$1,000 fine. The candidate committee paid a \$1,000 fine and escheated the balance of their campaign funds in the amount of \$3,783.71. The Commission was unable to obtain payment of the remaining escheats and fines as the Super PAC and contributors were unable to be located. Notably, a request for a contested case hearing for these decisions was sought in June 2023 and resulted in a dismissal due to lack of jurisdiction in July 2023. As such, the Commission's preliminary determination of a campaign finance violation became a final order.

Pursuant to Hawaii Administrative Rules (“HAR”) §3-160-73(d), this annual report is the means in which the Commission reports the amount of fines paid by persons thereby furthering the dissemination of information concerning the penalties. This rule also requires that the Commission adopt a Schedule of Fines for violations which is posted on the Commission's website and is referred to in all fine letters to the committees.

Seek enforcement of the campaign finance laws and rules against violators.

During this fiscal year, a total of \$63,441.17 was assessed in administrative fines via fine letters and \$12,613.35 was escheated to the HECF due to campaign finance violations. There were 60 conciliation agreements resulting in reduced fines totaling \$7,654.72. Except for 2 conciliation agreements which concerned

excess contributions, the remaining 58 concerned the late filing of reports. Two (2) agreements resulted in a complaint due to respondents failing to comply with the terms of the conciliation agreement.

Most of the campaign finance violations were a result of late or unfiled reports. Specifically, there were 148 late or unfiled reports that did not involve a conciliation agreement or complaint for a total of \$42,541.17 in assessed administrative fines. There were a total of 112 candidate committees who failed to timely file 113 reports and 35 noncandidate committees who failed to timely file 35 reports.

Other campaign finance violations that occurred during this period include:

- 20 failure to file the Electronic Filing Form and/or amend the Organizational Report resulting in \$2,525 in fines;
- 14 late or unfiled fundraiser notices resulting in \$700 in fines;
- 25 from 12 committees for insufficient advertisement disclaimers resulting in \$1,200 in fines;
- 11 from 9 committees for prohibited expenditures resulting in \$3,200 in fines;
- 8 from 7 committees for excess contributions resulting in \$2,400 in fines;
- 28 from 5 committees for failure to report contributions and expenditures resulting in \$7,250 in fines;
- 3 late filed electioneering communications statements resulting in \$750 in fines;
- 2 exceeding the expenditure limit resulting in \$1,000 in fines;
- 7 from 1 committee for failure to timely deposit contributions resulting in a \$175 fine; and
- 1 failure to report contributions resulting in a \$250 fine.

With respect to campaign finance violations involving escheats during this period, they include:

- 1 excess nonresident contributions resulting in a \$320.94 escheat; and
- 8 excess contributions to candidate committees resulting in \$12,292.41 in escheats.

Of notable interest is that an additional \$177,466.05 was voluntarily escheated to the HECF from various candidate committees as a result of candidate committees self-enforcement of violations (i.e., anonymous contributions and excess contributions), escheating surplus funds to terminate their committee registration, and electing not to keep past/current contributions from recently indicted contributors Milton Choy, Martin Kao, Dennis Mitsunaga, Terri Otani, and Lois Mitsunaga.

- **One Year** – Continue to pursue enforcement actions to encourage compliance as well as offer conciliation agreements (where appropriate) to expedite campaign finance violators.

- **Two Year/Five Year** – Identifying other strategies to increase and encourage compliance.

**F. Goal – To ensure organizational and institutional sustainability.**

- **Past Year Accomplishments**

Monitor funding and develop proposals to stabilize funding as needed. The Commission's beginning balance at the close of fiscal year 2022 was \$1,687,121.83. In fiscal year 2023, a total of \$314,720.74 in revenue was realized (i.e., \$91,050 in tax check-offs; \$190,079.40 in escheats of excess, false name, surplus, and anonymous contributions; \$32,951.73 in interest including \$1,186.80 from the prior fiscal year; \$4.10 in copies; and, \$635.51 in refunds and reimbursements from prior fiscal year expenditures) and a total of \$71,956.90 in expenditures was incurred (i.e., \$71,878.29 in public funds and \$78.61 in PayPal fees for escheat payments), thereby closing fiscal year 2023 with a balance of \$1,929,885.67 which is a \$242,763.84 increase from the last fiscal year.

Notably, this was the 6<sup>th</sup> fiscal year that the Commission's operating expenses including salaries and administrative expenses were general funded. It is expected that this will permit HECF trust funds to replenish and provide a healthier base to pay for public funding for qualified candidates in the upcoming elections. That said, it was a challenging year for the Commission when the Governor restricted spending for all departments and agencies. However, the Commission was able to successfully seek an exemption from the budgetary restrictions thereby permitting it to use most of the funds allocated for this fiscal year. Moving forward, budgets are likely to be severely restricted and reduced as a result of the impact COVID-19 has as well as recent events such as the 2023 Maui wildfires on the State of Hawaii.

Provide Commissioner and staff development. Commissioners are regularly updated on any new or developing issues and provided information from annual COGEL conferences. This year's COGEL conference in December 2022 was held in Montreal, Canada, and was attended by Chair Stan Lum, Vice-Chair Neal Herbert, Executive Director Kristin Izumi-Nitao, and General Counsel Gary Kam.

In July 2022, Executive Director Izumi-Nitao was invited to participate at a meeting in Albuquerque, New Mexico, to meet other jurisdictions who administered public funding programs. Further, in September 2022, she was invited to speak on a panel at the PLI Corporate Political Activities conference in Washington, D.C. on Hawaii's campaign finance law. Lastly, she was on the COGEL Program Committee to plan the December 2022 conference and continues in this role in preparation for the 2023 conference in Kansas City, Missouri.

Associate Director Baldomero continues to participate in the annual Digital Summit which is sponsored by ETS and brings together state and county agencies to address technological advances and considerations.



One new Commissioner was appointed this year, David Chee, who took was appointed by Governor Green when Commissioner Maryellen Markley resigned before her term ended. He was given an orientation by Commission staff on March 28, 2023.

Develop and implement plans for continuity of operations. The Commission is composed of five volunteers representing the general public who are appointed by the governor from a list of at least ten nominees submitted by the judicial council as well as five staff members. This fiscal year, the Commission lost its Administrative Assistant in January 2023 and its Election Assistant in May 2023. New assistants were hired in May and June 2023. The transition from trust fund to general funds operations continue to go smoothly.

Monitor compliance with the strategic plan and annually report to the Commission, committees, and the public. Records are organized and kept to satisfy this requirement internally. The annual report is typically prepared and presented in a public Sunshine meeting in the fall to the Commissioners for their consideration and approval. Once approved, the annual report is posted on the Commission's website.

- **One Year** – Monitor trust fund monies. Continue to add processes and procedures to each position binder to provide smoother transitions in the future.
- **Two Year/Five Year** – Monitor Commission operations to assess whether there are sufficient general funds to cover operating costs as well as trust funds to cover public funding. Implement, oversee, and annually report on the Commission's strategic plan.

#### IV. Performance Measures

- A. Customer Satisfaction measure – For the past 11 years, in September/October, the Commission invites candidates, committees, email subscribers, and the public to participate in an online survey to help the Commission evaluate and improve the effectiveness of operations and communications. The survey is divided into the following areas: (1) general background information of the survey taker; (2) communication with or access to the Commission; (3) education and training provided by the Commission; (4) compliance and enforcement; (5) public funding; (6) questions related to the HECF, Super PACs and independent expenditures; and (7) COVID-19 closure issues, as well as a general comment question. The results of the survey are assembled and shared with the Commission at a public meeting. Once presented, the survey is then posted on the Commission's website.
- B. Program Standard measure – The number of serious campaign spending law violations should decline as compliance increases as a result of the Commission's widely-publicized investigations, as training sessions increase, as enforcement

remains proactive and stable, as public use of the Commission's website increases including employment of more user friendly tools such as graphics of the data contained in our electronic filing systems.

- C. Cost Effectiveness measure – We believe we can be cost effective if we can continue to carry out our duties and responsibilities without increasing costs significantly. We continually look for new and innovative ways to work more efficiently and implement changes accordingly.