

## Super PACs must list top donors under bill - Hawaii News - Honolulu

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### Super PACs must list top donors under bill

By Derrick DePledge

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Super PACs that can spend unlimited amounts of money to influence elections would have to disclose the names of top donors in advertisements under a bill before the state Legislature.

The bill is in reaction to Citizens United v. Federal Election Commission, the U.S. Supreme Court ruling in 2010 that held that corporations and labor unions have a First Amendment right to spend freely on elections.

Super PACs — political action committees that make independent expenditures that are not coordinated with political candidates — have sprouted across the country since the court's ruling.

In Hawaii, 16 super PACs spent \$4.8 million on state and county elections last year, according to the state Campaign Spending Commission, with most of the money aimed at the Honolulu mayor's race. Mainland super PACs also spent significant amounts of money on advertising in the islands on U.S. Senate and U.S. House campaigns, spending that is regulated by the Federal Election Commission.

Federal legislation to increase disclosure of independent political spending has stalled in Congress, but several states, like Hawaii, are exploring stricter requirements to bring more transparency to state and county elections.

State lawmakers have to be careful, however, that such requirements do not infringe on free speech.

"I think truth and transparency are essential to democracy, and this provides a measure of transparency in political fund-raising and advertising that wasn't there before," said Rep. Chris Lee (D, Kailua-Lanikai-Waimanalo), who sponsored the bill.

"We've seen the rise of super PACs and the ability to influence campaigns through large amounts of contributions and spending," he said. "And we want to make sure that there's transparency, that people understand where that's coming from, so they can make an informed decision on Election Day."

House Bill 1147 would require super PACs to disclose the names of the top three donors behind television, radio, print or Internet ads as part of the content of the ads.

The requirement would provide real-time disclosure of the donors financing the ads, giving voters information that otherwise would become publicly available only when super PACs file periodic

campaign-finance reports.

The bill would also require super PACs to file campaign-finance reports in the final days before elections that disclose spending and identify the causes or candidates targeted. Under existing law, super PACs, like traditional PACs, have to report only the receipt of late contributions just before the election, not spending.

The new requirements would take effect after the 2014 elections.

The state Attorney General's Office has advised lawmakers to include a detailed preamble to the bill that justifies the reasons behind greater disclosure because of the likelihood of legal challenges.

The bill argues that disclosure provisions in state campaign-finance law enable voters to "follow the money" and need to be expanded for super PACs, which are often financed by a single source or by a few sources.

Pacific Resource Partnership PAC, the super PAC that spent the most money by far last year, was financed entirely by the Hawaii Carpenters Market Recovery Program Fund. PRP, a partnership between union carpenters and private contractors, sought to influence the Honolulu mayor's race and preserve the city's \$5.26 billion rail project.

WHILE PRP was widely criticized for negative ads against former Gov. Ben Cayetano, who opposes rail, the independent spending showed how a single super PAC can have an impact on an election. Many political analysts believe the PRP ad campaign helped keep Cayetano under 50 percent against Kirk Caldwell and then-Honolulu Mayor Peter Carlisle, both rail supporters, and then helped lift Caldwell to victory over Cayetano in the runoff.

Good-government advocates who have called for greater disclosure of super PAC spending have used the populist rhetoric about the insidious nature of corporate money in politics.

In Hawaii, where Demo-crats dominate, PRP and other top super PACs demonstrated how independent spending can also advance the agenda of blue-collar labor unions.

Stronger state disclosure requirements would likely not deter large corporations or labor interests from spending on state and county elections, but could have a chilling effect on prospective donors to grass-roots labor, environmental and social causes. Donors comfortable with having their names appear in campaign-finance reports may be less enthusiastic about having their names repeatedly broadcast in advertisements.

Cade Watanabe, a spokesman for Unite Here Local 5, the hotel workers union, which also launched the super PAC AiKea last year, said he understands the demand for greater transparency.

"Unfortunately, those who do good would have to abide by those same rules as well," he said.

James Hochberg, who was among the attorneys who challenged the state's campaign-finance law in federal court after Citizens United, said the bill might discourage donors from giving to super PACs.

"I think it's terrible. But I don't know what they're going to finally end up with, and when I know what they

finally end up with, then we'll do what we think is appropriate at that point," said Hochberg, who also represents Hawaii Family Advocates, a conservative super PAC formed last year.

In *Yamada v. Weaver*, the U.S. District Court in Hawaii agreed with Hochberg's clients that the state's \$1,000 contribution limit to PACs per election was unconstitutional in the wake of *Citizens United*. But the federal court ruled that the state's disclosure requirements on political advertising and its ban on contributions by state and county contractors are legal. The case is before the 9th U.S. Circuit Court of Appeals.

Carmille Lim, executive director of Common Cause Hawaii, said super PAC activity during last year's elections showed that "the public was not aware of where the money was coming from."

"So this bill would allow for not only political ads to list contributors to the ads and to the super PACs, but it would also require that the super PACs report more than they already are in terms of how they are spending their money."

**SUPER PAC SPENDING IN ISLES**

*Sixteen super PACs spent more than \$4.8 million to influence state and county elections in 2012, according to the state Campaign Spending Commission, with most of the money spent on the Honolulu mayor's race. Here are the super PACs that spent the most money and the top donors:*

**Pacific Resource Partnership PAC: \$3.2 million**

Top donor: Hawaii Carpenters Market Recovery Program Fund.

**Workers for a Better Hawaii: \$734,669**

Top donors: Hawaii Regional Council of Carpenters; Hawaii Government Employees Association; International Union of Painters and Allied Trades.

**SaveOurHonolulu.com: \$265,517**

Top donors: Robert Iwamoto Jr., chief executive officer, Roberts Hawaii; Kimberly Dey, entrepreneur; Elizabeth Rice Grossman, retired Wall Street executive.

**AiKea: \$187,873**

Top donors: Unite Here Tip State and Local Fund; Unite Here Local 5 PAC Fund.

**Defend Truth: \$164,865**

Top donors: Dennis Mitsunaga, president, Mitsunaga & Associates; Joseph Pickard, president, Environet; Koolau Leasing LLC.

*Source: State Campaign Spending Commission*

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