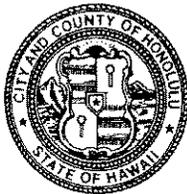


DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
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MUFI HANNEMANN
MAYOR



MARY PATRICIA WATERHOUSE
DIRECTOR

PATRICK T. KUBOTA
DEPUTY DIRECTOR

February 3, 2006

The Honorable Charles K. Djou, Chair
and Members of the Executive Matters
and Legal Affairs Committee
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

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HONOLULU, HAWAII

Dear Chair and Councilmembers:

We have concerns regarding Bill 9 relating to persons with contracts with the City. Campaign finance reform is a noble goal. However, we question the value of the report that is required by Bill 9 in light of the effort that will be required to compile the data and the incomplete information that it will provide

HRS 11-205.5 makes it unlawful for a person who enters into any contract with the State, any of its counties, or any department or agency thereof to make or solicit contributions for a political party. Therefore, it would seem that the usefulness of the report required by Bill 9 is diminished unless the State and all of the other counties also provide the same type of information to the public. A person contracting with the State for example would be subject to HRS 11-205.5, but would not necessarily be included on the City's list of contractors.

The preparation of a quarterly report as required in Bill 9 would place a heavy burden on the City's staff. Not all of the requested data is captured by current City systems. Therefore, a substantial amount of manual effort will be needed to gather and compile the information. Furthermore, the due date of the report coincides with the busiest periods for the staff responsible for preparing the report, the quarter end and fiscal year end periods.

HRS 11-205.5 is very broad and could include not only formal contracts, but purchase order procurements as well. The statute also does not include any dollar limits which will exacerbate the data collection problem.

Dept. Com. No. 0140

The Honorable Charles K. Djou, Chair
and Members of the Executive Matters
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February 3, 2006

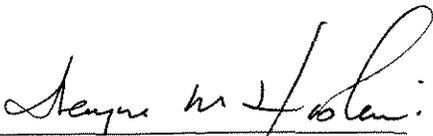
We understand that the State Campaign Spending Commission is developing administrative rules and public information programs to implement Act 203. These efforts should go a long way towards ensuring consistent approaches to the requirements of the law throughout the State and local governments. In the mean time rather than approve Bill 9, we recommend that the City notify all of its contractors that they are subject to HRS 11-205.5.

Sincerely,



Mary Patricia Waterhouse, Director
Budget and Fiscal Services

APPROVED:



Wayne M. Hashiro, P.E.
Acting Managing Director