

STAND. COM. REP. NO.

645

Honolulu, Hawaii

MAR - 1 2013

RE: S.B. No. 848
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Judiciary and Labor, to which was referred
S.B. No. 848 entitled:

"A BILL FOR AN ACT RELATING TO FINANCIAL DISCLOSURE,"

begs leave to report as follows:

The purpose and intent of this measure is to require legislators to disclose income from sources that have an interest in the outcome of legislation, if a single source of income is \$25,000 or more or represents twenty-five percent or more of the total annual income received from all sources other than legislative salary.

Your Committee received testimony in support of this measure from the League of Women Voters of Hawaii and one individual. The Hawaii State Ethics Commission submitted comments on this measure.

Your Committee finds that the public disclosure of incomes of elected officials enhances public trust, and this measure assists in reducing real and perceived conflicts of interest.

However, your Committee notes the concerns raised by the Hawaii State Ethics Commission that this measure contains ambiguous language. Furthermore, the Commission suggested that rather than focusing on the amount of income from a single source and whether that source has an interest in the outcome of legislation, this measure should be amended to require legislators to disclose persons and businesses for whom they perform paid



services, regardless of whether the payment or other compensation is paid directly to the legislator or to another entity.


Coincidentally, prior to the public hearing on this measure, your Committee developed language that expands the additional disclosure requirements under this measure to state employees in addition to legislators and requires the disclosure of sources of annual income if those sources are registered lobbyists or lobbying organizations.

Your Committee has amended this measure by:

- (1) Deleting section 2 and replacing it with language that requires a state employee or legislator to disclose every source of annual income that totals more than the employee's or legislator's annual salary if that source is a registered lobbyist or lobbying organization;
- (2) Making conforming amendments to the purpose section; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 848, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 848, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,



CLAYTON HEE, Chair



