

Honolulu, Hawaii

February 11, 2016

RE: H.B. No. 1532
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred
H.B. No. 1532 entitled:

"A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII,"

begs leave to report as follows:

The purpose of this measure is to facilitate the recruitment of highly qualified candidates for the University of Hawaii Board of Regents by protecting from public disclosure the financial disclosure statements filed with the State Ethics Commission of members of the Board of Regents.

The Chamber of Commerce of Hawaii, Building Industry Association of Hawaii, General Contractors Association of Hawaii, and numerous concerned individuals supported this measure. The State Ethics Commission and University of Hawaii Professional Assembly opposed the measure. A concerned individual submitted comments.

This measure is necessary to recruit highly qualified individuals to serve as members of the Board of Regents. Testimony was received that several experienced members of the Board of Regents resigned after the change in the law in 2014, because they did not wish to expose members of their families to security breaches of private information. Furthermore, a number of emeritus and current regents expressed their support for this measure. Your Committee has addressed the concerns of the State Ethics Commission about the need to identify conflicts of interest by adding a reporting requirement for the State Ethics Commission



to review the conduct of members of the Board of Regents. Your Committee finds that the staff of the State Ethics Commission is best-qualified to determine if ethical violations have occurred. Your Committee further finds that one of the primary reasons given by the State Ethics Commission for retaining the public-disclosure requirement was the sheer number of financial-disclosure filings and the Commission's lack of resources to monitor and track violations of the State Ethics Code. A balance must be struck between the need for public disclosure and the need for competent managers.

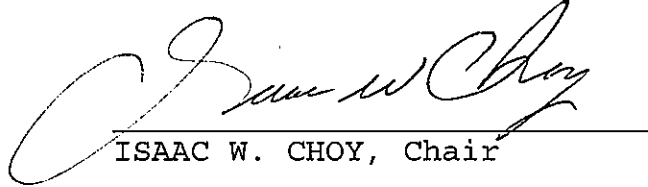
Your Committee has amended this measure by:

- (1) Adding a declaration by the Legislature that the subject matter of this measure is an issue of statewide concern;
- (2) Adding a new section requiring the State Ethics Commission to conduct reviews of the official disclosures of the members of the University of Hawaii Board of Regents to determine if any decision or action by a member of the Board of Regents violated the State's conflict-of-interests law;
- (3) Requiring the State Ethics Commission to submit an annual report to the Legislature of all commission inquiries and their dispositions relating to, and all violations of section 84-14, Hawaii Revised Statutes, committed by, any member of the University of Hawaii Board of Regents; and
- (4) Changing its effective date to July 1, 2525.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1532, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1532, H.D. 1, and be referred to your Committee on Judiciary.



Respectfully submitted on
behalf of the members of the
Committee on Higher Education,


ISAAC W. CHOY, Chair



