



HAWAII STATE ETHICS COMMISSION

State of Hawaii • Bishop Square, 1001 Bishop Street, ASB Tower 970 • Honolulu, Hawaii 96813

SENATE COMMITTEE ON JUDICIARY AND LABOR
The Honorable Gilbert S.C. Keith-Agaran, Chair
The Honorable Maile S.L. Shimabukuro, Vice Chair

S.B. No. 3024, Relating to the State Ethics Commission

Hearing: Tuesday, February 9, 2016, 9:15 a.m.

The Hawaii State Ethics Commission **supports** S.B. No. 3024, which “re-directs” funds appropriated to the Commission for the current fiscal year.

Last year, the legislature appropriated \$130,000 to the Commission for the design and development of an electronic filing system.¹ The Commission had received a rough estimate of \$100,000 from Hawaii Information Consortium, the state’s portal manager, to design and develop a system that will allow financial disclosure statements, gifts disclosure statements, candidate disclosure statements, travel authorization forms, lobbyist registration forms, and lobbyist expenditure reports to be filed through the Commission’s website. The additional \$30,000 was appropriated to fund system hardware requirement, software licensing fees, and annual hosting costs.

The Commission, however, was unable to contract with Hawaii Information Consortium. The Office of Enterprise Technology Services (“ETS”) currently is assisting the Commission in designing and developing the system.

With ETS’s involvement, the Commission anticipates the costs to develop the system to be significantly less than \$130,000. Specifically, the Commission anticipates costs relating to the design and development of the electronic filing system not to exceed \$50,000, which includes costs relating to: (1) purchasing software to assist ETS in customizing the system, including integrating the information into the Commission’s current Sharepoint document management system; (2) required hardware and software upgrades; and (3) maintenance/support costs. Accordingly, the Commission supports the “re-direction” of \$80,000 appropriated in Act 151, Session Laws of Hawaii 2015, for other purposes as detailed below.

Vacation Payout

The Commission recently paid \$44,057 of accrued vacation to two employees who retired from state service on December 30, 2015. The unbudgeted payout is

¹ Act 151, Session Laws of Hawaii 2015.

significant, especially relative to the Commission's relatively modest budget. For the current fiscal year, the Commission received \$1,008,895 to fund its operations. Of that amount, excluding staff salaries (i.e., Personal Services) and the office rent, the Commission's budget for operations is approximately \$100,000. Stated differently, **the accrued vacation paid to the retired employees is about 45% of the Commission's operating budget.**

House Bill No. 2720, Making Appropriations to Provide for the Expenses of the Legislature, the Auditor, the Legislative Reference Bureau, the Ombudsman, and the Ethics Commission, appropriates to the legislature and legislative service agencies an amount equal to the average accrued vacation paid by each respective agency during the preceding 5.5 years. For the Commission, that amount is \$16,958. The Commission appreciates the legislature's recognition of the hardship created by unbudgeted accrued vacation payouts and supports the mechanism in House Bill No. 2720.

Assuming that the Commission is appropriated the amount in House Bill No. 2720 for the accrued vacation payout, the Commission does not believe that "re-directing" the funds to cover that expense is warranted (and will result in an appropriation that is more than the accrued vacation paid by the Commission). For that reason, the Commission suggests that Section 2 of the bill be deleted.

Task Force

The Commission **strongly supports** section 3 of the bill, which will "re-direct" some of the appropriation to fund a task force to provide assistance and advice to the Commission. More specifically, in the Commission's view, the State Lobbyists Law, chapter 97, is outdated and the legislature should consider a comprehensive overhaul of the statute. The Commission suggests that, to develop and implement a clearer, more robust law, the legislature should convene or direct the Commission to convene a task force, comprised of: (i) registered lobbyists; (ii) representatives of organizations involved in lobbying; (iii) community "watchdog" groups; and (iv) other members of the community, to examine the statute and to recommend amendments to the law, including a complete overhaul of the current law, if deemed appropriate.

The funds will allow the legislature or the Commission, if so directed, to hire an organization to facilitate the task force and other necessary expenses.

The Commission respectfully suggests that the amount "re-directed" for the task force be **increased to \$80,000.**

Thank you for your continuing support of the Commission's work and for considering the Commission's testimony on S.B. No. 3024.



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Committee on JUDICIARY AND LABOR
Tuesday, February 9, 2016 9:00 a.m., Room 016 Time, Location
**SB 3024 RELATING TO THE STATE ETHICS COMMISSION
TESTIMONY**
Piilani Kaopuiki, Legislative Committee, League of Women Voters

Chair Keith-Agaran, Vice-Chair Shimabukuro, and Committee Members:

The League of Women Voters of Hawaii offers comments only on SB 3024, which proposes to re-appropriate Ethics Commission funds. Savings from a 2015 electronic filing system would be allocated to personnel costs for commission employees and a legislative task force to assist and advise the Commission.

Re-appropriating the savings to the Commission instead of an alternate use is appreciated. We are interested to know more about the task force proposed in this measure. We expect any advice from the task force would continue to respect the statutory authority of the Commission. Thank you for the opportunity to submit testimony.