



# HAWAII STATE ETHICS COMMISSION

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

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March 4, 2015

The Honorable Gilbert S. C. Keith-Agaran, Chair  
The Honorable Maile S. L. Shimabukuro, Vice Chair  
Honorable Members  
Senate Committee on Judiciary and Labor  
Hawaii State Capitol, Room 221  
415 South Beretania Street  
Honolulu, Hawaii 96813

Re: **Testimony on S.B. No. 937, Relating to Ethics**

Hearing: Wednesday, March 4, 2015, 9:00 a.m.  
State Capitol, Conference Room 016

Testifying: Leslie H. Kondo, Executive Director  
Hawaii State Ethics Commission

Thank you for the opportunity to testify today on S.B. No. 937, Relating to Ethics, which changes the filing deadline for financial disclosure statements to January 15 of each year. The Hawaii State Ethics Commission ("Commission) has concerns about this bill and offers the following comments.

Initially, we note that S.B. No. 937 appears to be defective because the bill does not contain the current language of the financial disclosure law that the bill seeks to amend.<sup>1</sup> The statute, which was amended last year, requires members of the Legislature to file their annual financial disclosure statements between January 1 and January 31;<sup>2</sup> state employees and board members who file annual disclosure statements must do so between January 1 and May 31.<sup>3</sup> It is unclear whether S.B. No. 937 is intended to require ALL filers, i.e., legislators as well as state employees and members of state boards, to file their financial disclosure statements by January 15 or whether it is intended to apply only to state employees and members of state boards.

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<sup>1</sup> The bill seeks to amend Hawaii Revised Statutes ("HRS") section 84-17(b).

<sup>2</sup> HRS section 84-17(b)(2).

<sup>3</sup> HRS section 84-17(b)(1).

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Currently, over 1,800 state employees and board members are required to file annual financial disclosure statements with the Commission. By moving the filing deadline from May 31 to January 15, the Commission is concerned that this bill may create additional challenges for the Commission's administration and enforcement of the financial disclosure law.

Specifically, the Commission is concerned that moving the financial disclosure filing deadline to January 15 may result in an increased number of delinquent filers and corresponding work to compel compliance with the filing requirement. Currently, the Commission's office sends notices to all financial disclosure filers at the beginning of the year to remind them about the financial disclosure requirement and the filing deadline. If the filing deadline is moved from May 31 to January 15, these notices must be sent to filers before January -- most likely, the notices will have to be sent in November or December of the preceding year. Due to the holidays, however, many employees and board members are likely to be on vacation and will not respond to these notices in a timely manner. This, in turn, will increase the administrative burden on the Commission's staff to follow-up with the delinquent filers and take administrative action, such as the assessment of fines, against employees and board members who miss the filing deadline.<sup>4</sup>

We appreciate the opportunity to testify on S.B. No. 937, Relating to Ethics. We would like to thank this Committee for its consideration of our testimony.

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<sup>4</sup> The Commission also notes that many filers may use information from their income tax returns to complete their financial disclosure statements. Those filers likely will not have the benefit of their income tax documents if the filing deadline is January 15.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [JDL Testimony](#)  
**Cc:**  
**Subject:** \*Submitted testimony for SB937 on Mar 4, 2015 09:00AM\*  
**Date:** Wednesday, February 25, 2015 9:09:49 PM

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**SB937**

Submitted on: 2/25/2015

Testimony for JDL on Mar 4, 2015 09:00AM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

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