

# HB 508, HD1

## RELATING TO ETHICS

Increases administrative fines for ethics violations and for violations of the lobbyist law. Clarifies the assessment of fines in the context of a settlement agreement. Removes the intent of the respondent as an element of civil violations for chapter 97, HRS. (HB508 HD1)



# HAWAII STATE ETHICS COMMISSION

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

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Committee: Committee on Judiciary and Labor  
Bill Number: H.B. 508, HD1 Relating to Ethics  
Hearing Date/Time: March 17, 2017, 9:00 a.m.  
Re: Testimony of the Hawaii State Ethics Commission in **SUPPORT**

Dear Chair Keith-Agaran and Committee Members:

The Hawaii State Ethics Commission (“Commission”) supports H.B. 508, HD1, which amends parts of the Ethics Code and Lobbyists Law. This bill has three purposes:

## **1. Raising penalties for violations of Ethics Code and Lobbyists Law**

This measure raises the maximum administrative penalties for violations of the Ethics Code (HRS chapter 84) and the Lobbyists Law (HRS chapter 97), from \$500 to \$1,000. The penalty amount for violating the Ethics Code was last set in 1992; adjusting for inflation, that penalty would be approximately \$858 today. Similarly, the penalty amount for violating the Lobbyists Law was last set in 1995.

The Commission notes that this would set the maximum penalty the Commission could impose; however, in resolving possible violations of the law, the Commission may impose penalties significantly below the maximum (depending on a number of different factors). This measure would give the Commission additional flexibility in cases involving egregious violations of the Ethics Code or Lobbyists Law, individuals who have repeatedly violated the Ethics Code or Lobbyists law, or situations where a higher penalty is warranted.

## **2. Clarifying that the Commission can settle cases**

In Section 2 (amending HRS § 84-39(b)), this proposed bill would also make clear that the Commission can negotiate an administrative penalty (and/or restitution) as part of any negotiated settlement. The Commission believes that it already has statutory authority to engage in this long-standing practice, but believes it prudent to make that authority explicit.

## **3. Removing outdated language regarding violations of the Lobbyists Law**

In Section 3 (amending HRS § 97-7(a)), this bill would remove the mens rea requirement from HRS § 97-7. This requirement is held over from a time when the violation of the Lobbyists Law was a criminal offense. The penalties have been civil, rather than criminal, for quite some time, but the criminal law state-of-mind requirement remains. The Commission respectfully asks that this be amended accordingly.

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Thank you for your continuing support of the Commission's work and for considering the Commission's testimony on H.B. 508, HD1.

Very truly yours,

Daniel Gluck  
Executive Director and General Counsel



**Testimony to the Senate Judiciary and Labor Committee  
Senator Gilbert Keith-Agaran, Chair  
Senator Karl Rhoads, Vice Chair  
Friday March 17, 2017, 9 a.m.  
Conference Room 016  
HB 508, HD 1 - Relating to Ethics**

Dear Chair Keith-Agaran, Vice Chair Rhoads and members of the JDL Committee:

On behalf of the Hawai'i Alliance of Nonprofit Organizations, I would like to offer our comments of reservation on this bill.

Hawai'i Alliance of Nonprofit Organizations (HANO) is a statewide, sector-wide professional association of nonprofits. Our mission is to unite and strengthen the nonprofit sector as a collective force to improve the quality of life in Hawai'i. Our member organizations provide essential services to every community in the state.

HANO appreciates the efforts being made by the Hawaii State Ethics Commission to provide clarity on the existing ethics laws regarding lobbying.

While we would like to assume it is usually not the intent of a charitable nonprofit to violate state ethics law, we **do** see the change of the administrative fine in Section 84-39 from \$500 to \$1,000 to be a steep increase, especially for many smaller charitable nonprofits that may not understand their reporting requirements.

We hope that the Ethics Commission is committed to doing the needed education to inform parties of these compliance requirements and will not be precipitous in fining unknowing parties. Higher fines may also discourage smaller, grassroots organizations from getting involved in the legislative process.

Certainly HANO will do whatever we can to inform nonprofits of their requirements.

Thank you for the opportunity to provide comments to these proposed changes.

Mahalo,  
Lisa Maruyama  
President & CEO



Senate Judiciary and Labor Committee  
Chair Gilbert Keith-Agaran, Vice Chair Karl Rhoads

03/17/2017 9:00 AM Room 016  
HB508 HD1 – Relating to Ethics

TESTIMONY / SUPPORT  
Corie Tanida, Executive Director, Common Cause Hawaii

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Dear Chair Keith-Agaran, Vice Chair Rhoads, and members of the committee:

**Common Cause Hawaii supports HB508 HD1** which increases fines for ethics and lobbyist law violations and would remove the “wilfulness” requirement from violations relating to lobbyists’ failure to file statements or the filing of false statements.

We believe that increasing the fine accounts for inflation. We also believe that determining one’s intentions and “wilfulness” to file, not file, or misfile statements is challenging. Removing “wilfulness” from this section of the ethics code would provide clarity for lobbyists and those enforcing the ethics code.

Thank you for the opportunity to offer testimony **supporting HB508 HD1**.



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SENATE COMMITTEE ON JUDICIARY AND LABOR  
Friday, March 17, 2017, 9 AM, Conference Room 016  
HB 508, HD 1 Relating to Ethics

**TESTIMONY**

Douglas Meller, Legislative Committee, League of Women Voters of Hawaii

Chair Keith-Agaran and Committee Members:

**The League of Women Voters supports HB 508, HD 1.** This bill increases fines for violations; clarifies procedures for assessment of fines; and makes statutory “housekeeping” amendments.

Thank you for the opportunity to submit testimony.