



HAWAII STATE ETHICS COMMISSION

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

Committee: Committee on Consumer Protection and Commerce
Bill Number: H.B. 71
Hearing Date/Time: February 9, 2017, 2:00 p.m.
Re: Testimony of the Hawaii State Ethics Commission **SUPPORTING**
THE INTENT of H.B. 71, Relating to Ethics

Dear Chair McKelvey and Committee Members:

The Hawaii State Ethics Commission (“Commission”) supports the intent of H.B. 71 as it relates to the governor. The Commission does not have jurisdiction over county officials, such that the Commission takes no position regarding the heads of state of each county.

As an initial matter, the Commission notes that Hawaii’s fair treatment law, Hawaii Revised Statutes (“HRS”) § 84-13, already prohibits a governor from receiving a stipend or honorarium for done work (for example, giving speeches) in his/her capacity as governor. Furthermore, Hawaii’s financial disclosure law, HRS § 84-17, already requires the governor to file a disclosure of financial interests every year. The Commission also notes that the governor is already prohibited from holding “any other office or employment of profit under the State or the United States” while in office. Hawaii Const. Art. V, section 1.

As currently drafted, H.B. 71 appears to prohibit any outside employment, investment, rental income, and so on, with the exception of retirement accounts. The Commission supports legislation to help avoid conflicts of interest, but respectfully requests that, if this Committee advances H.B. 71, the Committee clarify the scope of this measure. As currently written, this measure appears to bar any income other than a governor’s salary and retirement-related income. Among other things, this measure would seem to prohibit a governor from owning mutual funds or stocks (other than in an IRA or 401K program), thus prohibiting a sitting governor from having a 529 college savings plan for the governor’s child(ren). This measure would also prohibit the governor from owning and renting out real estate; as such, this measure may prohibit a governor from renting out her/his home while residing in the governor’s mansion. This measure also does not provide an incoming governor with a grace period to sell off assets, other than the short time (roughly three weeks) between an election and inauguration. Furthermore, this measure does not appear to allow the governor to place assets in a blind trust.

The Commission does not presently take any position on whether there ought to be exceptions for any of these scenarios; instead, the Commission merely requests, respectfully, that the Legislature provide clear direction to the Commission so that it may best effectuate the Legislature’s intent.

Finally, although the Commission takes no position as to this measure's applicability to the counties, the Commission notes that the measure currently places the restriction on mayors in HRS chapter 84, the State Ethics Code. As such, the measure appears to give the State Ethics Commission jurisdiction to enforce violations of this provision against county mayors; the measure also appears to make county mayors subject to state-level fines and procedures for violations. The Committee may wish to consider whether the county ethics commissions, rather than the Hawaii State Ethics Commission, should have jurisdiction to enforce these provisions.

The Commission supports the Legislature's efforts to strengthen Hawaii's conflict of interest laws. These types of measures help to ensure that state officials focus on serving the people of Hawaii with the utmost integrity.

Thank you for considering the Commission's testimony on H.B. 71.

Very truly yours,

Daniel Gluck
Executive Director and General Counsel

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 1:22 PM
To: CPCtestimony
Cc: fu_dog_5@yahoo.com
Subject: *Submitted testimony for HB71 on Feb 9, 2017 14:00PM*

HB71

Submitted on: 2/6/2017

Testimony for CPC on Feb 9, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
robert	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 6:42 PM
To: CPCtestimony
Cc: cchaudron08@gmail.com
Subject: *Submitted testimony for HB71 on Feb 9, 2017 14:00PM*

HB71

Submitted on: 2/6/2017

Testimony for CPC on Feb 9, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Camila Chaudron	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 7, 2017 12:15 PM
To: CPCtestimony
Cc: KarinNomura1@gmail.com
Subject: *Submitted testimony for HB71 on Feb 9, 2017 14:00PM*

HB71

Submitted on: 2/7/2017

Testimony for CPC on Feb 9, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Karin Nomura	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 7, 2017 3:23 PM
To: CPCtestimony
Cc: victor.ramos@mpd.net
Subject: *Submitted testimony for HB71 on Feb 9, 2017 14:00PM*

HB71

Submitted on: 2/7/2017

Testimony for CPC on Feb 9, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Victor K. Ramos	Individual	Oppose	No

Comments:

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LATE

Capt. T. J. Davies, Jr. (Ret.)
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8 February 2017

To: Committee on on Consumer Protection an Commerce, Rep. Angus L.K. McKelvey, Chair

Date: Thursday, February 9th, 2017, 2:00 p.m.

Re: HB 71, RELATING TO ETHICS, Prohibits a Sitting Governor or Mayor from Maintaining Outside Employment Or Receiving Emoluments.

Chair McKelvey, Vice Chair Ichiyama and members of the committee:

My name is T. J. Davies Jr. I am 82 years old, retired and live in Kakaako. I am writing in STRONG SUPPORT of HB 71, RELATING TO ETHICS, Prohibiting a Sitting Governor or Mayor from Maintaining Outside Employment Or Receiving Emoluments.

This bill prohibits the governor and the four Hawaii mayors from accepting any outside employment or earnings while in office. Such employment poses potential financial conflicts of interest at a time when some national politicians display evidence of being ethically challenged. Hawaii should make our standard clear for the governor and the mayors.

The state and city chief executives should have one loyalty, and that is to the people. They are already paid a full-time salary for a full-time job, and shouldn't have a second job. I think taking on a second job is utterly unethical and an abuse of power. This bill would allow the chief executives to devote themselves to public service and would minimize conflicts of interest.

Your favorable consideration of this legislation is requested. Mahalo & Aloha

T. J. Davies Jr., Volunteer
Treasurer, AARP Chapter 60 Honolulu
Treasurer, Kokua Council for Senior Citizens of Hawaii Education Fund
Director, Hawaii Alliance for Retired Americans
Kakaako (District 26 / Senate District 12)

Testimony of

Mufi Hannemann
Former Mayor of Honolulu

House Committee on Consumer Protection and Commerce
House Bill 71

Chair McKelvey, Vice Chair Ichiyama, and committee members:

Mahalo for the opportunity to testify in regards to House Bill 71 which prohibits a sitting governor or mayor from maintaining outside employment or receiving emoluments.

Currently on our national front we see that our newly elected President is receiving a great deal of scrutiny in regards to the potential conflicts of interest he has in his bevy of business holdings and relationships. As our nation's attention is fixated on the President of the United States and the federal level this measure serves to remind us that we must ensure that this code of ethics is also maintained in our states and local municipalities.

In our state we have been fortunate to see that many of our office seekers run because of their desire to participate in our democracy, contribute to our society, and to serve the community; not for self-gain or advantage in their personal endeavors. Aside from legislators who are permitted outside employment in keeping with their status as part-time citizen-legislators, we have not witnessed, in the modern era, Hawaii's governors or mayors, with the exception of one, who has not withdrawn from their private profession or accepted outside compensation while serving as the Chief Executive Officer of our state and counties. There is no good reason that a governor or mayor should hold an outside paying position as it raises substantive concerns about conflicts of interest as well as takes away from their many public responsibilities and obligations to the people they serve.

For these reasons, I respectfully support this measure

Mahalo for the opportunity to testify.

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 8, 2017 5:13 PM
To: CPCtestimony
Cc: mamaupin@hotmail.com
Subject: *Submitted testimony for HB71 on Feb 9, 2017 14:00PM*

HB71

Submitted on: 2/8/2017

Testimony for CPC on Feb 9, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Margaret Maupin	Individual	Support	No

Comments:

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