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# A BILL FOR AN ACT

RELATING TO THE STATE ETHICS CODE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. Section 84-17, Hawaii Revised Statutes, is  
2 amended as follows:

3 1. By amending subsection (a) to read:

4 "(a) For the purposes of this section, the ~~[terms-]~~ term:

5 "Disclosure period" refers to the period from January 1 of  
6 the preceding calendar year to the time of the filing of the  
7 employee's or legislator's disclosure of financial interests.

8 ~~["Substantially the same" refers to no more than ten  
9 amendments or changes to the information reported for the  
10 preceding disclosure period.] "~~

11 2. By amending subsection (f) to read:

12 "(f) Candidates for state elective offices, including  
13 candidates for election to the constitutional convention, shall  
14 only be required to disclose their own financial interests. The  
15 disclosures of financial interests of all other persons  
16 designated in subsection (c) shall state, in addition to the  
17 financial interests of the person disclosing, the financial



1 interests of the person's spouse and dependent children. All  
2 disclosures shall include:

3 (1) The source and amount of all income of \$1,000 or more  
4 received, for services rendered, by the person in the  
5 person's own name or by any other person for the  
6 person's use or benefit during the preceding calendar  
7 year and the nature of the services rendered; provided  
8 that required disclosure under this paragraph for the  
9 income source of the spouse or dependent child of a  
10 person subject to subsection (d) shall be limited to  
11 the name of the business or other qualifying source of  
12 income, and need not include the income source's  
13 address; provided further that other information that  
14 may be privileged by law or individual items of  
15 compensation that constitute a portion of the gross  
16 income of the business or profession from which the  
17 person derives income need not be disclosed;

18 (2) The amount and identity of every ownership or  
19 beneficial interest held during the disclosure period  
20 in any business having a value of \$5,000 or more or  
21 equal to ten per cent of the ownership of the business



1 and, if the interest was transferred during the  
2 disclosure period, the date of the transfer; provided  
3 that an interest in the form of an account in a  
4 federal or state regulated financial institution, an  
5 interest in the form of a policy in a mutual insurance  
6 company, or individual items in a mutual fund or a  
7 blind trust, if the mutual fund or blind trust has  
8 been disclosed pursuant to this paragraph, need not be  
9 disclosed;

10 (3) Every officership, directorship, trusteeship, or other  
11 fiduciary relationship held in a business during the  
12 disclosure period, the term of office and the annual  
13 compensation;

14 (4) The name of each creditor to whom the value of \$3,000  
15 or more was owed during the disclosure period and the  
16 original amount and amount outstanding; provided that  
17 debts arising out of retail installment transactions  
18 for the purchase of consumer goods need not be  
19 disclosed;

20 (5) The street address and, if available, the tax map key  
21 number, and the value of any real property in which



1 the person holds an interest whose value is \$10,000 or  
2 more, and, if the interest was transferred or obtained  
3 during the disclosure period, a statement of the  
4 amount and nature of the consideration received or  
5 paid in exchange for such interest, and the name of  
6 the person furnishing or receiving the consideration;  
7 provided that disclosure shall not be required of the  
8 street address and tax map key number of the person's  
9 residence;

10 (6) The names of clients [~~personally~~] assisted or  
11 represented before state agencies, except in  
12 ministerial matters, for a fee or compensation during  
13 the disclosure period and the names of the state  
14 agencies involved; and

15 (7) The amount and identity of every creditor interest in  
16 an insolvent business held during the disclosure  
17 period having a value of \$5,000 or more."

18 3. By amending subsection (h) to read:

19 "(h) The state ethics commission shall provide a [~~long~~  
20 ~~form of disclosure on all even-numbered years and a short form~~  
21 ~~of disclosure for subsequent annual filings on all odd-numbered~~



1 ~~years in those instances where the financial interests of the~~  
 2 ~~person disclosing are substantially the same as those reported~~  
 3 ~~for the preceding disclosure period.] method for filing~~  
 4 financial disclosure statements. The commission may require  
 5 that financial disclosure statements be filed electronically."

6 SECTION 2. Section 353L-1, Hawaii Revised Statutes, is  
 7 amended by amending subsection (d) to read as follows:

8 "(d) The members of the commission shall receive  
 9 reimbursement for expenses, including travel expenses, that are  
 10 necessary for the performance of their duties. [~~No member of~~  
 11 ~~the commission shall be made subject to the financial disclosure~~  
 12 ~~requirements of sections 84-13 and 84-17 solely because of that~~  
 13 ~~member's participation as a member of the commission.] The~~  
 14 terms of the commissioners shall be as provided in  
 15 section 26-34."

16 SECTION 3. The state ethics commission, in its discretion,  
 17 may make any changes that it deems necessary to its internal  
 18 procedures or forms to aid in the implementation of this Act.

19 SECTION 4. Statutory material to be repealed is bracketed  
 20 and stricken. New statutory material is underscored.

21 SECTION 5. This Act shall take effect upon its approval.



**Report Title:**

State Ethics Commission Package; State Ethics Code; Client Disclosure; Hawaii Correctional System Oversight Commission; Financial Disclosure

**Description:**

Amends the state ethics code to require candidates for state elective offices to disclose the name of clients assisted before state agencies. Gives the state ethics commission discretion in determining how financial disclosure statements should be filed. Removes the exemption of Hawaii correctional system oversight commission members from financial disclosure requirements.  
(SD1)

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