

STAND. COM. REP. NO.

601

Honolulu, Hawaii

, 2021

FEB 19

RE: H.B. No. 672
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Government Reform, to which was referred
H.B. No. 672 entitled:

"A BILL FOR AN ACT RELATING TO THE STATE ETHICS CODE,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Include members of the Legislature under certain parts of the conflicts of interests law in the State Ethics Code; and
- (2) Clarify that the conflicts of interests law does not prohibit legislators from introducing legislation, serving on a committee, making statements, or taking action in the exercise of their legislative functions.

Your Committee received testimony in support of this measure from the Hawai'i State Ethics Commission, Common Cause Hawaii, and six individuals.

Your Committee finds that currently, the conflicts of interests law applies differently to legislators and other state employees. Your Committee believes that aligning the conflicts of interests law between legislators and other state employees through this measure will hold legislators to high ethical

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standards, while still protecting their ability to perform their constitutionally recognized legislative functions.

Your Committee has amended this measure by:

- (1) Removing language that would have prohibited a legislator from taking official action directly affecting a private undertaking in which the legislator was engaged as legal counsel, advisor, consultant, representative, or other agency capacity;
- (2) Changing the effective date to July 1, 2112, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes that this measure, as introduced, included legislators under the provisions of the conflicts of interests law that prevent an official action to be taken that directly affects a private undertaking in which the employee is engaged as legal counsel, advisor, consultant, representative, or other agency capacity. However, your Committee finds that this inclusion may be too onerous and preclude a legislator from engaging in other activities, including legal activities and consultancy work. Your Committee has accordingly amended this measure to remove this language.

Your Committee additionally notes the testimony from the Hawaii State Ethics Commission, which observed that legislators are also bound by House and Senate conflict rules. Passage of this amended measure may still allow for an ethics action against a legislator even after the presiding officer of the legislative chamber for which that legislator belongs says no conflict exists.

As affirmed by the record of votes of the members of your Committee on Government Reform that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 672, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 672, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.



Respectfully submitted on
behalf of the members of the
Committee on Government Reform,



ANGUS L.K. MCKELVEY, Chair



