

STAND. COM. REP. NO.

2655

Honolulu, Hawaii

FEB 18 2022

RE: S.B. No. 2123
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 2123 entitled:

"A BILL FOR AN ACT RELATING TO STATE BOARDS AND COMMISSIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to require the redaction of certain information on financial disclosure statements deemed to be public records for non-paid volunteer members of state boards and commissions.

Your Committee received testimony in support of this measure from the Department of Transportation; University of Hawai'i System; University of Hawai'i Alumni Association; HPM Building Supply; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; Lisa A.M. Miller Consulting, LLC; Title Guaranty of Hawaii; Watumull Properties Corp.; University of Hawaii Professional Assembly; Na Hoku, Inc.; Hawai'i Executive Collaborative; Association of Emeritus Regents of the University of Hawaii; Hawaiian Host Group; Hawaii Foodservice Alliance LLC; Central Pacific Bank; Kaua'i Island Utility Cooperative; Island Holdings, Inc.; First Hawaiian Bank; Tori Richard, Ltd.; Finance Factors; Mana Up; Hawaii Venture Capital Association; 31 aikalima LLC; and eight individuals. Your Committee received testimony in opposition to this measure from the Hawaii State Ethics Commission, League of Women Voters of Hawaii, The Civil Beat Law Center for the Public Interest, Americans for Democratic Action



Hawai'i, Common Cause Hawaii, Hawaii Chapter of the Society of Professional Journalists, and eight individuals.

Your Committee finds that all state board and commission members are required to submit financial disclosures to the Hawaii State Ethics Commission. Your Committee further finds that as a direct result of this disclosure requirement, the state currently has many vacancies and the pool of qualified individuals that are willing to serve on state boards and commissions has and continues to dwindle. Community members who are most qualified to serve are often not willing to pursue a seat on state boards or commissions because of the requirement that financial disclosures be made public. Those individuals and their businesses often value privacy concerning compensation and other personal matters.

Your Committee notes the testimony in opposition to this measure and the importance of the public's right to know that those entrusted to serve on seventeen major boards do so without conflicts of interest in matters that come before them.

Your Committee recognizes that personal privacy interests of those who voluntarily serve on boards and commissions must be balanced with the public's right to know and prevent conflicts of interest in decision-making. Your Committee finds that this balance will be best achieved by maintaining the requirement that each person submit to the Hawaii State Ethics Commission the financial disclosure statements required under sections 87-17(f)(1) through -(7), Hawaii Revised Statutes, which include sources of income, certain ownership interests, officer and director positions, debts, creditor interests in insolvent businesses, and names of persons represented before government agencies. Your Committee finds that this measure will require the Hawaii State Ethics Commission to redact only amounts, leaving all key information open to public disclosure.

In implementing this measure, your Committee urges the Hawaii State Ethics Commission to work with agencies to ensure that all board members and staff are trained and educated on the state ethical rules and laws, and, in particular, those pertaining to financial disclosures of board members.

Accordingly, your Committee finds that this measure will benefit the people of Hawaii and increase the size and quality of



the pool of candidates for seats on state boards and commissions by redacting only the amounts of the financial disclosure information.

Your Committee has amended this measure by:

- (1) Changing the effective date to January 1, 2023, to afford the Hawaii State Ethics Commission additional time to implement this measure; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2123, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2123, S.D. 1, and be referred to your Committees on Judiciary and Ways and Means.

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



SHARON MORIWAKI, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:* SB 2123	Committee Referral: GVO, JDC/WAM	Date: 02/15/22
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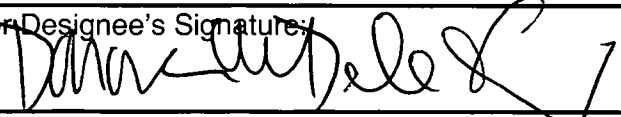
The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
MORIWAKI, Sharon Y. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHANG, Stanley	/			
GABBARD, Mike	/			
FEVELLA, Kurt	/			
TOTAL	5			

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:


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*Only one measure per Record of Votes