

STAND. COM. REP. NO.

1079

Honolulu, Hawaii

, 2021

MAR 19

RE: S.B. No. 610
S.D. 1
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
S.B. No. 610, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to prohibit a public member of
any board or commission under the Department of Commerce and
Consumer Affairs' purview from:

- (1) Being engaged in the occupation that the board or
commission regulates;
- (2) Being associated with a member of the occupation that
the board or commission regulates that results in a
material conflict of interest, an appearance of
impropriety, or a reasonable suspicion that the public
member does not represent the public interest; or
- (3) Having a direct financial interest in the regulated
occupation.

Your Committee received comments on this measure from the
Department of Commerce and Consumer Affairs and Hawaii State
Ethics Commission.

2021-2514 SB610 HD1 HSCR HMSO-1



Your Committee finds that public members of a board or commission should strictly represent the public interest and should be prohibited from being engaged in or having a direct financial interest in the occupation that the board or commission member regulates.

Your Committee further finds that clarity is needed in the definition of the term "material conflict of interest", as professions may define that term differently. Due to testimony received by the Department of Commerce and Consumer Affairs as to the enforceability of the term "material conflict of interest", your Committee consulted with numerous legal sources to refine the definition.

Accordingly, your Committee has amended this measure by:

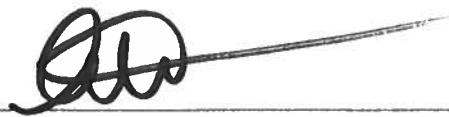
- (1) Defining the term "material conflict of interest" to mean a conflict of interest that has the potential to:
 - (A) Influence a member's decision or conduct; or
 - (B) Have a non-trivial impact on the financial situation of a person or an entity in which the member or immediate family member of the member has a significant financial interest;
- (2) Changing its effective date to July 1, 2112, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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 S.B. No. 610, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 610, S.D. 1, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.



STAND. COM. REP. NO. 1079
Page 3

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



ANGUS L.K. MCKELVEY, Chair



