

JAN 19 2023

A BILL FOR AN ACT

RELATING TO DISCLOSURES OF FINANCIAL INTERESTS.

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

1 SECTION 1. The purpose of this Act to provide greater
2 uniformity, flexibility, and efficiency in assessing
3 administrative fines related to disclosures of financial
4 interests.

5 SECTION 2. Section 84-17, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "**§84-17 Requirements of disclosure.** (a) For the purposes
8 of this section, "disclosure period" refers to the period from
9 January 1 of the preceding calendar year to the time of the
10 filing of the employee's or legislator's disclosure of financial
11 interests.

12 (b) The disclosure of financial [~~interest~~] interests
13 required by this section shall be filed:

14 (1) By any person enumerated in subsection (c), except a
15 member of the legislature, between January 1 and
16 May 31 of each year;



- 1 (2) By a member of the legislature between January 1 and
2 January 31 of each year;
- 3 (3) Within thirty days of a person's election or
4 appointment to a state position enumerated in
5 subsection (c); or
- 6 (4) Within thirty days of separation from a state position
7 if a prior financial disclosure statement for the
8 position was not filed within the one hundred eighty
9 days preceding the date of separation;
- 10 provided that candidates for state elective offices or the
11 constitutional convention shall file the required statements no
12 later than [~~twenty~~] ten days [~~prior to~~] after the [~~date of the~~
13 ~~primary election for state offices or the election of delegates~~
14 ~~to the constitutional convention.~~] nomination filing deadline
15 established pursuant to section 12-6.

16 (c) The following persons shall file annually with the
17 state ethics commission a disclosure of financial interests:

- 18 (1) The governor, the lieutenant governor, the members of
19 the legislature, and delegates to the constitutional
20 convention; provided that delegates to the



- 1 constitutional convention shall only be required to
2 file initial disclosures;
- 3 (2) The directors and their deputies, the division chiefs,
4 the executive directors and the executive secretaries
5 and their deputies, the purchasing agents and the
6 fiscal officers, regardless of the titles by which the
7 foregoing persons are designated, of every state
8 agency and department;
- 9 (3) The permanent employees of the legislature and its
10 service agencies, other than persons employed in
11 clerical, secretarial, or similar positions;
- 12 (4) The administrative director of the State, and the
13 assistants in the office of the governor and the
14 lieutenant governor, other than persons employed in
15 clerical, secretarial, or similar positions;
- 16 (5) The hearings officers of every state agency and
17 department;
- 18 (6) The president, the vice presidents, assistant vice
19 presidents, the chancellors, and the provosts of the
20 University of Hawaii and its community colleges;



- 1 (7) The superintendent, the deputy superintendent, the
2 assistant superintendents, the complex area
3 superintendents, the state librarian, and the deputy
4 state librarian of the department of education;
- 5 (8) The administrative director and the deputy director of
6 the courts;
- 7 (9) The members of every state board or commission whose
8 original terms of office are for periods exceeding one
9 year and whose functions are not solely advisory;
- 10 (10) Candidates for state elective offices, including
11 candidates for election to the constitutional
12 convention, provided that candidates shall only be
13 required to file initial disclosures;
- 14 (11) The administrator and assistant administrator of the
15 office of Hawaiian affairs;
- 16 (12) The Hawaii unmanned aerial systems test site chief
17 operating officer[+];[+] and
- 18 (13) The members of the school facilities board appointed
19 by the governor.



1 (d) The financial disclosure statements of the following
2 persons shall be public records and available for inspection and
3 duplication:

4 (1) The governor, the lieutenant governor, the members of
5 the legislature, candidates for and delegates to the
6 constitutional convention, the trustees of the office
7 of Hawaiian affairs, and candidates for state elective
8 offices;

9 (2) The directors of the state departments and their
10 deputies, regardless of the titles by which the
11 foregoing persons are designated; provided that with
12 respect to the department of the attorney general, the
13 foregoing shall apply only to the attorney general and
14 the first deputy attorney general;

15 (3) The administrative director of the State;

16 (4) The president, the vice presidents, the assistant vice
17 presidents, the chancellors, members of the board of
18 regents, and the provosts of the University of Hawaii;

19 (5) The members of the board of education and the
20 superintendent, the deputy superintendent, the state



- 1 librarian, and the deputy state librarian of the
2 department of education;
- 3 (6) The administrative director and the deputy director of
4 the courts;
- 5 (7) The administrator and the assistant administrator of
6 the office of Hawaiian affairs; and
- 7 (8) The members of the following state boards,
8 commissions, and agencies:
- 9 (A) The board of directors of the agribusiness
10 development corporation established under section
11 163D-3;
- 12 (B) The board of agriculture established under
13 section 26-16;
- 14 (C) The state ethics commission established under
15 section 84-21;
- 16 (D) The Hawaii community development authority
17 established under section 206E-3;
- 18 (E) The Hawaiian homes commission established under
19 the Hawaiian Homes Commission Act of 1920, as
20 amended, and section 26-17;



- 1 (F) The board of directors of the Hawaii housing
2 finance and development corporation established
3 under section 201H-3;
- 4 (G) The board of land and natural resources
5 established under section 171-4;
- 6 (H) The state land use commission established under
7 section 205-1;
- 8 (I) The legacy land conservation commission
9 established under section 173A-2.4;
- 10 (J) The natural area reserves system commission
11 established under section 195-6;
- 12 (K) The board of directors of the natural energy
13 laboratory of Hawaii authority established under
14 section 227D-2;
- 15 (L) The board of directors of the Hawaii public
16 housing authority established under section
17 356D-3;
- 18 (M) The public utilities commission established under
19 section 269-2;
- 20 (N) The commission on water resource management
21 established under section 174C-7; and



1 (O) The stadium authority established under section
2 109-1.

3 (e) The information on the financial disclosure statements
4 shall be confidential, except as provided in subsection (d).

5 The commission shall not release the contents of the disclosures
6 except as may be permitted pursuant to this chapter. [~~Any~~

7 ~~person who releases]~~ The unauthorized release of any
8 confidential financial disclosure statement information shall be
9 [~~subject to section 84-31(e).~~] a violation of this chapter.

10 (f) Candidates for state elective offices, including
11 candidates for election to the constitutional convention, shall
12 only be required to disclose their own financial interests. The
13 disclosures of financial interests of all other persons
14 designated in subsection (c) shall state, in addition to the
15 financial interests of the person disclosing, the financial
16 interests of the person's spouse and dependent children. All
17 disclosures shall include:

18 (1) The source and amount of all income of \$1,000 or more
19 received, for services rendered, by the person in the
20 person's own name or by any other person for the
21 person's use or benefit during the preceding calendar



1 year and the nature of the services rendered; provided
2 that required disclosure under this paragraph for the
3 income source of the spouse or dependent child of a
4 person subject to subsection (d) shall be limited to
5 the name of the business or other qualifying source of
6 income, and need not include the income source's
7 address; provided further that other information that
8 may be privileged by law or individual items of
9 compensation that constitute a portion of the gross
10 income of the business or profession from which the
11 person derives income need not be disclosed;

12 (2) The amount and identity of every ownership or
13 beneficial interest held during the disclosure period
14 in any business having a value of \$5,000 or more or
15 equal to ten per cent of the ownership of the business
16 and, if the interest was transferred during the
17 disclosure period, the date of the transfer; provided
18 that an interest in the form of an account in a
19 federal or state regulated financial institution, an
20 interest in the form of a policy in a mutual insurance
21 company, or individual items in a mutual fund or a



1 blind trust, if the mutual fund or blind trust has
2 been disclosed pursuant to this paragraph, need not be
3 disclosed;

4 (3) Every officership, directorship, trusteeship, or other
5 fiduciary relationship held in a business during the
6 disclosure period, the term of office and the annual
7 compensation;

8 (4) The name of each creditor to whom the value of \$3,000
9 or more was owed during the disclosure period and the
10 original amount and amount outstanding; provided that
11 debts arising out of retail installment transactions
12 for the purchase of consumer goods need not be
13 disclosed;

14 (5) The street address and, if available, the tax map key
15 number, and the value of any real property in which
16 the person holds an interest whose value is \$10,000 or
17 more, and, if the interest was transferred or obtained
18 during the disclosure period, a statement of the
19 amount and nature of the consideration received or
20 paid in exchange for such interest, and the name of
21 the person furnishing or receiving the consideration;



1 provided that disclosure shall not be required of the
2 street address and tax map key number of the person's
3 residence;

4 (6) The names of clients assisted or represented before
5 state agencies, except in ministerial matters, for a
6 fee or compensation during the disclosure period and
7 the names of the state agencies involved; and

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

11 (g) Where an amount is required to be reported, the person
12 disclosing may indicate whether the amount is at least \$1,000
13 but less than \$10,000; at least \$10,000 but less than \$25,000;
14 at least \$25,000 but less than \$50,000; at least \$50,000 but
15 less than \$100,000; at least \$100,000 but less than \$150,000; at
16 least \$150,000 but less than \$250,000; at least \$250,000 but
17 less than \$500,000; at least \$500,000 but less than \$750,000; at
18 least \$750,000 but less than \$1,000,000; or \$1,000,000 or more.
19 An amount of stock may be reported by number of shares.

20 (h) The state ethics commission shall provide a method for
21 filing financial disclosure statements. The commission may



1 require that financial disclosure statements be filed
2 electronically.

3 (i) Failure of a legislator, a delegate to the
4 constitutional convention, or employee to file a disclosure of
5 financial interests as required by this section shall be a
6 violation of this chapter. Any legislator, delegate to a
7 constitutional convention, or employee who fails to file a
8 disclosure of financial interests when due [~~shall~~] may be
9 assessed an administrative fine of [~~\$75.~~] \$50. The state ethics
10 commission, upon the expiration of the time allowed for filing,
11 may post on its website for public inspection a list of all
12 persons who have failed to file financial disclosure statements.
13 The state ethics commission shall notify a person, by in-person
14 service, electronic mail to the person's state electronic mail
15 address, or first class mail, of the failure to file, and [~~the~~
16 ~~disclosure of financial interests shall be submitted to the~~
17 ~~state ethics commission not later than 4:30 p.m. on the tenth~~
18 ~~day after notification of the failure to file has been mailed to~~
19 ~~the person.~~] if applicable, the administrative fine. If a
20 disclosure of financial interests has not been filed within [~~ten~~
21 ~~days of the due date, an additional administrative fine of \$10~~



1 ~~for each day a disclosure remains unfiled shall be added to the~~
2 ~~administrative fine. All administrative fines collected under~~
3 ~~this section shall be deposited in the State's general fund.~~
4 ~~Any administrative fine for late filing shall be in addition to~~
5 ~~any other action the state ethics commission may take under this~~
6 ~~chapter for violations of the state ethics code. The state~~
7 ~~ethics commission may waive any administrative fines assessed~~
8 ~~under this subsection for good cause shown.] thirty days after~~
9 ~~the original deadline, in addition to any initial administrative~~
10 ~~fine that may have been assessed, an administrative fine of \$250~~
11 ~~may be assessed.~~

12 (j) The chief election officer, upon receipt of the
13 nomination paper of any person seeking a state elective office,
14 including the office of delegate to the constitutional
15 convention, shall notify the state ethics commission of the name
16 of the candidate for state office and the date on which the
17 person filed the nomination paper. Any candidate who fails to
18 file a disclosure of financial interests when due may be
19 assessed an administrative fine of \$50. The state ethics
20 commission, upon the expiration of the time allowed for filing,
21 [~~shall release to the~~] may post on its website for public



1 inspection a list of all candidates who have failed to file
2 financial disclosure statements [~~and shall immediately assess a~~
3 ~~late filing penalty fee against those candidates of \$50, which~~
4 ~~shall be collected by the state ethics commission and deposited~~
5 ~~into the general fund. The state ethics commission may~~
6 ~~investigate, initiate, or receive charges as to whether a~~
7 ~~candidate's financial disclosure statement discloses the~~
8 ~~financial interests required to be disclosed. After proceeding~~
9 ~~in conformance with section 84 31, the state ethics commission~~
10 ~~may issue a decision as to whether a candidate has complied with~~
11 ~~section 84-17(f) and this decision shall be a matter of public~~
12 ~~record]. The state ethics commission shall notify a candidate,
13 by in-person service, electronic mail to the candidate's
14 electronic mail address listed with the office of elections, or
15 first class mail, of the failure to file, and if applicable, the
16 administrative fine. If a disclosure of financial interests has
17 not been filed within thirty days after the original deadline,
18 in addition to any initial administrative fine that may have
19 been assessed, an administrative fine of \$250 may be assessed.~~

20 (k) If notice and order of an administrative fine has been
21 issued pursuant to this section, the order shall become final on



1 the twentieth day after it is served upon the alleged violator,
2 unless the alleged violator submits a written request for a
3 hearing before the state ethics commission on or before the
4 twentieth day. After conducting a hearing pursuant to chapter
5 91, the state ethics commission may affirm, modify, or rescind
6 the order as appropriate. The state ethics commission may file
7 with the circuit court of the first circuit any order the
8 commission has issued pursuant to this section for the purpose
9 of confirming the order as a final judgment that shall have the
10 same force and effect and shall be enforceable and collectable
11 as other judgments issued by the circuit courts; provided that
12 there shall be no appeal from the judgment.

13 (l) All administrative fines collected under this section
14 shall be deposited into the general fund. Any administrative
15 fine for the late filing of a disclosure of financial interests
16 shall be in addition to any other action the state ethics
17 commission may take pursuant to this chapter. The state ethics
18 commission may waive any administrative fines authorized
19 pursuant to this section for good cause shown.

20 (m) The state ethics commission may investigate, initiate,
21 or receive charges on whether a candidate's financial disclosure



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1 statement discloses the financial interests required to be
 2 disclosed. After proceeding in conformance with section 84-31,
 3 the state ethics commission may issue a decision on whether a
 4 candidate has complied with subsection (f). This decision shall
 5 be a matter of public record."

6 SECTION 3. This Act does not affect rights and duties that
 7 matured, penalties that were incurred, and proceedings that were
 8 begun before its effective date.

9 SECTION 4. Statutory material to be repealed is bracketed
 10 and stricken. New statutory material is underscored.

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

12

INTRODUCED BY: 
 By Request

S.B. NO. 182

Report Title:

Ethics Commission Package; Disclosures; Financial Interests

Description:

Establishes that certain candidates shall file disclosures of financial interests no later than 10 days after the nomination filing deadline. Establishes that the unauthorized release of confidential financial disclosure information is subject to chapter 84, Hawaii Revised Statutes. Amends the fines imposed and procedures relating to disclosures of financial interests.

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