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# 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 is 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  
19 of the legislature, and delegates to the  
20 constitutional convention; provided that delegates to



- 1 the constitutional convention shall only be required  
2 to 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  
20 the 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~~]  
4           deputy state librarian of the department of education;
- 5           (8) The administrative director and [~~the~~] deputy director  
6           of 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[~~7~~]; 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  
5 of the legislature, candidates for and delegates to  
6 the constitutional convention, [~~the~~] trustees of the  
7 office of Hawaiian affairs, and candidates for state  
8 elective 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  
17 vice presidents, [~~the~~] chancellors, members of the  
18 board of regents, and [~~the~~] provosts of the University  
19 of Hawaii;

20 (5) The members of the board of education [~~and the~~],  
21 superintendent, [~~the~~] deputy superintendent, [~~the~~]



- 1 state librarian, and [~~the~~] deputy state librarian of  
2 the department of education;
- 3 (6) The administrative director and [~~the~~] deputy director  
4 of 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 an employee to file a disclosure  
5 of 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~~] first-class mail, of the failure to  
16 file, and [~~the disclosure of financial interests shall be~~  
17 ~~submitted to the state ethics commission not later than 4:30~~  
18 ~~p.m. on the tenth day after notification of the failure to file~~  
19 ~~has been mailed to the person.], if applicable, the  
20 administrative fine. If a disclosure of financial interests has  
21 not been filed within [~~ten days of the due date, an additional~~~~



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

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



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



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

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



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

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

11       SECTION 4. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13       SECTION 5. This Act shall take effect on June 30, 3000.





**Report Title:**

Ethics Commission Package; Disclosures; Financial Interests

**Description:**

Amends the filing deadline for disclosures of financial interests by certain candidates. Amends the penalty for the unauthorized release of confidential financial disclosure information. Amends the fines imposed and procedures relating to disclosures of financial interests. Effective 6/30/3000.  
(HD1)

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