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# A BILL FOR AN ACT

RELATING TO FINANCIAL DISCLOSURES.

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

1           SECTION 1. The legislature finds that the house of  
2 representatives adopted House Resolution No. 9 (2022) to  
3 establish the commission to improve standards of conduct. The  
4 resolution requests the commission ensure state laws and rules  
5 relating to standards of conduct of public officers and  
6 employees contain clear standards, enforcement, and penalties  
7 and provide recommendations to increase awareness of, compliance  
8 with, and deterrent effects of the code of ethics, lobbying  
9 laws, campaign finance laws, and other relevant laws and rules.

10           Pursuant to House Resolution No. 9, the commission to  
11 improve standards of conduct convened regularly throughout 2022  
12 to diligently review, discuss, and consider the issues  
13 presented, submitted an interim report to the house of  
14 representatives outlining areas of immediate and long-term  
15 focus, then continued its work with input from the public and  
16 invited individuals and agencies to issue a final report with  
17 various recommendations and accompanying proposed legislation.



1           The legislature also finds that the strength and stability  
2 of our democratic government rely upon the public's trust in  
3 government institutions, including the expectation that officers  
4 act ethically with prudence, integrity, and sound judgement.  
5 Therefore, an essential goal of the Commission was to provide  
6 recommendations that would help restore public trust in state  
7 government and increase the level of transparency in its  
8 operations and accountability of individuals.

9           Accordingly, the purpose of this Act is to implement  
10 recommendations of the commission to improve standards of  
11 conduct by requiring all members of the legislature to disclose  
12 certain relationships with lobbyists or lobbying organizations  
13 in their financial disclosures.

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

16           "**§84-17 Requirements of disclosure.** (a) For the purposes  
17 of this section, "disclosure period" refers to the period from  
18 January 1 of the preceding calendar year to the time of the  
19 filing of the employee's or legislator's disclosure of financial  
20 interests.



1 (b) The disclosure of financial interest required by this  
2 section shall be filed:

3 (1) By any person enumerated in subsection (c), except a  
4 member of the legislature, between January 1 and May  
5 31 of each year;

6 (2) By a member of the legislature between January 1 and  
7 January 31 of each year;

8 (3) Within thirty days of a person's election or  
9 appointment to a state position enumerated in  
10 subsection (c); or

11 (4) Within thirty days of separation from a state position  
12 if a prior financial disclosure statement for the  
13 position was not filed within the one hundred eighty  
14 days preceding the date of separation;

15 provided that candidates for state elective offices or the  
16 constitutional convention shall file the required statements no  
17 later than twenty days prior to the date of the primary election  
18 for state offices or the election of delegates to the  
19 constitutional convention.

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



1 (1) The governor, the lieutenant governor, the members of  
2 the legislature, and delegates to the constitutional  
3 convention; provided that delegates to the  
4 constitutional convention shall only be required to  
5 file initial disclosures;

6 (2) The directors and their deputies, the division chiefs,  
7 the executive directors and the executive secretaries  
8 and their deputies, the purchasing agents and the  
9 fiscal officers, regardless of the titles by which the  
10 foregoing persons are designated, of every state  
11 agency and department;

12 (3) The permanent employees of the legislature and its  
13 service agencies, other than persons employed in  
14 clerical, secretarial, or similar positions;

15 (4) The administrative director of the State, and the  
16 assistants in the office of the governor and the  
17 lieutenant governor, other than persons employed in  
18 clerical, secretarial, or similar positions;

19 (5) The hearings officers of every state agency and  
20 department;



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



1           (13) The members of the school facilities board appointed  
2                           by the governor.

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

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

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

17          (3) The administrative director of the State;

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



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



- 1           (E) The Hawaiian homes commission established under
- 2                   the Hawaiian Homes Commission Act of 1920, as
- 3                   amended, and section 26-17;
- 4           (F) The board of directors of the Hawaii housing
- 5                   finance and development corporation established
- 6                   under section 201H-3;
- 7           (G) The board of land and natural resources
- 8                   established under section 171-4;
- 9           (H) The state land use commission established under
- 10                  section 205-1;
- 11           (I) The legacy land conservation commission
- 12                  established under section 173A-2.4;
- 13           (J) The natural area reserves system commission
- 14                  established under section 195-6;
- 15           (K) The board of directors of the natural energy
- 16                  laboratory of Hawaii authority established under
- 17                  section 227D-2;
- 18           (L) The board of directors of the Hawaii public
- 19                  housing authority established under section
- 20                  356D-3;





1 (M) The public utilities commission established under  
2 section 269-2;

3 (N) The commission on water resource management  
4 established under section 174C-7; and

5 (O) The stadium authority established under section  
6 109-1.

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

9 The commission shall not release the contents of the disclosures  
10 except as may be permitted pursuant to this chapter. Any person  
11 who releases any confidential information shall be subject to  
12 section 84-31(c).

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



- 1           (1) The source and amount of all income of \$1,000 or more  
2           received, for services rendered, by the person in the  
3           person's own name or by any other person for the  
4           person's use or benefit during the preceding calendar  
5           year and the nature of the services rendered; provided  
6           that required disclosure under this paragraph for the  
7           income source of the spouse or dependent child of a  
8           person subject to subsection (d) shall be limited to  
9           the name of the business or other qualifying source of  
10          income, and need not include the income source's  
11          address; provided further that other information that  
12          may be privileged by law or individual items of  
13          compensation that constitute a portion of the gross  
14          income of the business or profession from which the  
15          person derives income need not be disclosed;
- 16          (2) The amount and identity of every ownership or  
17          beneficial interest held during the disclosure period  
18          in any business having a value of \$5,000 or more or  
19          equal to ten per cent of the ownership of the business  
20          and, if the interest was transferred during the  
21          disclosure period, the date of the transfer; provided



1 that an interest in the form of an account in a  
2 federal or state regulated financial institution, an  
3 interest in the form of a policy in a mutual insurance  
4 company, or individual items in a mutual fund or a  
5 blind trust, if the mutual fund or blind trust has  
6 been disclosed pursuant to this paragraph, need not be  
7 disclosed;

8 (3) Every officership, directorship, trusteeship, or other  
9 fiduciary relationship held in a business during the  
10 disclosure period, the term of office and the annual  
11 compensation;

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

18 (5) The street address and, if available, the tax map key  
19 number, and the value of any real property in which  
20 the person holds an interest whose value is \$10,000 or  
21 more, and, if the interest was transferred or obtained



1 during the disclosure period, a statement of the  
2 amount and nature of the consideration received or  
3 paid in exchange for such interest, and the name of  
4 the person furnishing or receiving the consideration;  
5 provided that disclosure shall not be required of the  
6 street address and tax map key number of the person's  
7 residence;

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

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

15 (g) In addition to the disclosures required under  
16 subsection (f), each member of the legislature shall also  
17 disclose the name of any person that is subject to section 97-3  
18 and that is:

19 (1) A business partner of the member;

20 (2) An employer of the member;

21 (3) An officer or director of the member's employer; or



1        (4) A client of the member, member's partner, or member's  
2        employer, where the client provided at least \$5,000 of  
3        income during the preceding calendar year.

4        As used in this subsection:

5        "Member" means a member of the legislature.

6        "Member's partner" means a member's spouse under chapter  
7        572, civil union partner under chapter 572B, or reciprocal  
8        beneficiary under chapter 572C.

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

19       [~~(h)~~] (i) The state ethics commission shall provide a  
20       method for filing financial disclosure statements. The



1 commission may require that financial disclosure statements be  
2 filed electronically.

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



1 unfiled shall be added to the administrative fine. All  
2 administrative fines collected under this section shall be  
3 deposited in the State's general fund. Any administrative fine  
4 for late filing shall be in addition to any other action the  
5 state ethics commission may take under this chapter for  
6 violations of the state ethics code. The state ethics  
7 commission may waive any administrative fines assessed under  
8 this subsection for good cause shown.

9       [~~(j)~~] (k) The chief election officer, upon receipt of the  
10 nomination paper of any person seeking a state elective office,  
11 including the office of delegate to the constitutional  
12 convention, shall notify the state ethics commission of the name  
13 of the candidate for state office and the date on which the  
14 person filed the nomination paper. The state ethics commission,  
15 upon the expiration of the time allowed for filing, shall  
16 release to the public a list of all candidates who have failed  
17 to file financial disclosure statements and shall immediately  
18 assess a late filing penalty fee against those candidates of  
19 \$50, which shall be collected by the state ethics commission and  
20 deposited into the general fund. The state ethics commission  
21 may investigate, initiate, or receive charges as to whether a



H.B. NO. 706

1 candidate's financial disclosure statement discloses the  
 2 financial interests required to be disclosed. After proceeding  
 3 in conformance with section 84-31, the state ethics commission  
 4 may issue a decision as to whether a candidate has complied with  
 5 section 84-17(f) and this decision shall be a matter of public  
 6 record."

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

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

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

13

INTRODUCED BY: 

JAN 20 2023





# H.B. NO. 706

**Report Title:**

Commission to Improve Standards of Conduct; Financial Disclosure; Legislators; Lobbyists

**Description:**

Requires all members of the legislature to disclose certain relationships with lobbyists or lobbying organizations in their financial disclosures.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

