

A Bill for an Act Relating to the State Ethics Code.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The purpose of this Act is to improve the administration of the state ethics code by clarifying provisions regarding:

- (1) Gift disclosure statements;
- (2) Retention of financial disclosure statements;
- (3) Transcripts from contested case hearings; and
- (4) Ethics training.

SECTION 2. Section 84-11.5, Hawaii Revised Statutes, is amended to read as follows:

“[H§84-11.5] Reporting of gifts. (a) Every legislator and employee shall file a gifts disclosure statement with the state ethics commission ~~on~~ no later than June 30 of each year if all the following conditions are met:

- (1) The legislator or employee, or spouse or dependent child of a legislator or employee, received directly or indirectly from one source any gift or gifts valued singly or in the aggregate in excess of \$200, whether the gift is in the form of money, service, goods, or in any other form;
- (2) The source of the gift or gifts have interests that may be affected by official action or lack of action by the legislator or employee; and
- (3) The gift is not exempted by subsection (d) from reporting requirements under this subsection.
- (b) The report shall cover the period from June 1 of the preceding calendar year through ~~June 1~~ May 31 of the year of the report.

(c) The gifts disclosure statement shall contain the following information:

- (1) A description of the gift;
- (2) A good faith estimate of the value of the gift;
- (3) The date the gift was received; and
- (4) The name of the person, business entity, or organization from whom, or on behalf of whom, the gift was received.
- (d) Excluded from the reporting requirements of this section are the following:

- (1) Gifts received by will or intestate succession;
- (2) Gifts received by way of distribution of any inter vivos or testamentary trust established by a spouse or ancestor;
- (3) Gifts from a spouse, fiancé, fiancée, any relative within four degrees of consanguinity or the spouse, fiancé, or fiancée of such a relative. A gift from any such person is a reportable gift if the person is acting as an agent or intermediary for any person not covered by this paragraph;
- (4) Political campaign contributions that comply with state law;
- (5) Anything available to or distributed to the public generally without regard to the official status of the recipient;
- (6) Gifts that, within thirty days after receipt, are returned to the giver or delivered to a public body or to a bona fide educational or charitable organization without the donation being claimed as a charitable contribution for tax purposes; and

- (7) Exchanges of approximately equal value on holidays, birthday, or special occasions.
- (e) Failure of a legislator or employee to file a gifts disclosure statement as required by this section shall be a violation of this chapter.
- (f) This section shall not affect the applicability of section 84-11.
- (g) For purposes of this section, "legislator or employee" includes any individual who was a legislator or employee for any portion of the period from June 1 of the preceding calendar year through May 31 of the year of the report."

SECTION 3. Section 84-17.5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) All financial disclosure statements filed by a legislator, employee, or delegate to a constitutional convention shall be maintained by the state ethics commission [~~during the term of office of the legislator, employee, or delegate and~~] for a period of six years [~~thereafter,~~] from the date of the financial disclosure statement's filing. Upon the expiration of the six-year period, the financial disclosure statement and all copies thereof shall be destroyed."

SECTION 4. Section 84-31, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(c) If after twenty days following service of the charge and further statement of alleged violation in accordance with this section, a majority of the members of the commission conclude that there is probable cause to believe that a violation of this chapter or of the code of ethics adopted by the constitutional convention has been committed, then the commission shall set a time and place for a hearing, giving notice to the complainant and the alleged violator. Upon the commission's issuance of a notice of hearing, the charge and further statement of alleged violation and the alleged violator's written response thereto shall become public records. The hearing shall be held within ninety days of the commission's issuance of a notice of hearing. If the hearing is not held within that ninety-day period, the charge and further statement of alleged violation shall be dismissed; provided that any delay that is at the request of, or caused by, the alleged violator shall not be counted against the ninety-day period. All parties shall have an opportunity to:

- (1) [~~to be~~] Be heard;
- (2) [~~to subpoena~~] Subpoena witnesses and require the production of any books or papers relative to the proceedings;
- (3) [~~to be~~] Be represented by counsel; and
- (4) [~~to have~~] Have the right of cross-examination.

All hearings shall be in accordance with chapter 91. All witnesses shall testify under oath and the hearings shall be open to the public. The commission shall not be bound by the strict rules of evidence but the commission's findings must be based upon competent and substantial evidence. All testimony and other evidence taken at the hearing shall be recorded. [~~Copies of transcripts of such record shall be available only to the complainant and the alleged violator at their own expense, and the fees therefor shall be deposited in the State's general fund.~~]"

SECTION 5. Section 84-43, Hawaii Revised Statutes, is amended to read as follows:

"~~[[§84-43]]~~ **Ethics training course.** (a) The state ethics commission shall establish, design, supervise, and conduct ethics training [~~designed specifically~~] for the officers and employees to whom this part applies.

- (b) The ethics training course shall include:

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- (1) Explanations and discussions of the ethics laws, administrative rules, and relevant internal policies;
- (2) Specific technical and legal requirements;
- (3) The underlying purposes and principles of ethics laws;
- (4) Examples of practical application of the laws and principles; and
- (5) A question-and-answer participatory segment regarding common problems and situations.

The state ethics commission shall develop the methods and prepare any materials necessary to implement the course.

(c) The state ethics commission shall:

- (1) Administer the ethics training course;
- (2) Designate those of its legal staff who are to conduct the ethics training course; and
- (3) Notify each officer or employee enumerated in section 84-41 that their attendance in this course is mandatory.

~~[(d) The ethics training course shall be held in January of each year for those who have not attended the course previously. The course shall last at least two hours in length.~~

~~(e)]~~ (d) The state ethics commission may repeat the course as necessary to accommodate all persons who are required to attend.

[(f)] (e) Each state agency shall provide to the state ethics commission the names of those required to take the course in a timely manner and assist the commission by providing adequate meeting facilities for the ethics training course.”

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

SECTION 7. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 8. This Act shall take effect on July 1, 2019.

(Approved June 21, 2019.)