
A BILL FOR AN ACT

RELATING TO CONTRIBUTIONS BY STATE AND COUNTY CONTRACTORS AND
GRANTEES OF THE STATE.

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, Regular Session
3 of 2022, to establish the commission to improve standards of
4 conduct. The resolution requests that the commission ensure
5 state laws and rules relating to standards of conduct of public
6 officers and employees contain clear standards, enforcement, and
7 penalties and provide recommendations to increase awareness of,
8 compliance with, and deterrent effects of the code of ethics,
9 lobbying laws, campaign finance laws, and other relevant laws
10 and rules.

11 Pursuant to House Resolution No. 9, the commission to
12 improve standards of conduct convened regularly throughout 2022
13 to diligently review, discuss, and consider the issues
14 presented; submit an interim report to the house of
15 representatives outlining areas of immediate and long-term
16 focus; receive input from the public and invited individuals and



1 agencies; and issue a final report with various recommendations
2 and accompanying proposed legislation.

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

11 The legislature additionally finds that under Hawaii's
12 existing campaign finance law, only a state or county contractor
13 is prohibited from making campaign contributions. However,
14 owners, officers, employees, and family members of the
15 contractor can still make contributions, including false name
16 contributions, to election campaigns. Furthermore, state and
17 county grantees are currently able to make campaign
18 contributions, even though these entities receive funds that
19 have been appropriated by a legislative body, similar to state
20 or county contractors.



1 Accordingly, the purpose of this Act is to implement
2 recommendations of the commission to improve standards of
3 conduct by amending the prohibition against contributions to a
4 candidate committee or noncandidate committee by state and
5 county contractors to include state and county grantees and the
6 owners, officers, and immediate family members of a state or
7 county contractor or grantee.

8 SECTION 2. Section 11-355, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "~~§~~11-355~~§~~ **Contributions by state and county**
11 **contractors; contributions by state and county grantees;**
12 **prohibited.** (a) It shall be unlawful for any person who enters
13 into any contract with the State, any of the counties, or any
14 department or agency thereof either for the rendition of
15 personal services, the buying of property, or furnishing of any
16 material, supplies, or equipment to the State, any of the
17 counties, any department or agency thereof, or for selling any
18 land or building to the State, any of the counties, or any
19 department or agency thereof, if payment for the performance of
20 the contract or payment for material, supplies, equipment, land,
21 property, or building is to be made in whole or in part from



1 funds appropriated by the legislative body, at any time between
2 the execution of the contract through the completion of the
3 contract, to:

4 (1) Directly or indirectly make any contribution, or
5 promise expressly or impliedly to make any
6 contribution, to any candidate committee or
7 noncandidate committee, or to any candidate or [~~to~~]
8 any person for any political purpose or use; or

9 (2) Knowingly solicit any contribution from any person for
10 any purpose during any period.

11 (b) It shall be unlawful for any person who receives a
12 grant or subsidy from the State pursuant to chapter 42F, or from
13 a county pursuant to county charter or code, at any time between
14 the execution of the contract for the grant or subsidy through
15 the completion of the contract, to:

16 (1) Directly or indirectly make any contribution, or
17 promise expressly or impliedly to make any
18 contribution, to any candidate committee or
19 noncandidate committee, or to any candidate or any
20 person for any political purpose or use; or



1 (2) Knowingly solicit any contribution from any person for
2 any purpose during any period.

3 (c) It shall be unlawful for the owners, officers, and any
4 immediate family members of any state or county contractor under
5 subsection (a), at any time between the execution of a contract
6 through completion of the contract pursuant to subsection (a),
7 to directly or indirectly make any contribution to any candidate
8 committee or noncandidate committee.

9 (d) It shall be unlawful for the owners, officers, and any
10 immediate family members of any state or county grantee under
11 subsection (b), at any time between the execution of a contract
12 through completion of the contract pursuant to subsection (b),
13 to directly or indirectly make any contribution to any candidate
14 committee or noncandidate committee.

15 ~~[(b)]~~ (e) Except as provided in ~~[subsection]~~ subsections
16 (a), (b), (c), and (d), this section does not prohibit or make
17 unlawful the establishment or administration of, or the
18 solicitation of contributions to, any noncandidate committee by
19 any person other than the state or county contractor, the state
20 or county grantee, or the owners, officers, and immediate family
21 members of a state or county contractor or state or county



1 grantee, for the purpose of influencing the nomination for
2 election, or the election of any person to office.

3 [~~(e)~~] (f) For purposes of this section, "completion of the
4 contract" means that the parties to the government contract have
5 either terminated the contract [~~prior to~~] before completion of
6 performance or fully performed the duties and obligations under
7 the contract, no disputes relating to the performance and
8 payment remain under the contract, and all disputed claims have
9 been adjudicated and are final."

10 SECTION 3. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 4. This Act shall take effect upon its approval.



Report Title:

Commission to Improve Standards of Conduct; State and County Contractors; State and County Grantees; Campaign Contributions; Prohibitions

Description:

Amends the prohibition against contributions to a candidate committee or noncandidate committee by state and county contractors to include state and county grantees and the owners, officers, and immediate family members of a state or county contractor or state or county grantee. (HD1)

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