

JAN 22 2016

A BILL FOR AN ACT

RELATING TO FINANCIAL DISCLOSURE STATEMENTS.

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

1 SECTION 1. The legislature finds that various public
2 officials are required to file annual financial disclosure
3 statements with the state ethics commission. The public
4 disclosure of their sources of income enhances public trust
5 because the disclosure tends to reduce real and perceived
6 conflicts of interest. However, the governor, lieutenant
7 governor, members of the legislature, governor-appointed
8 executive of each principal department, president of the
9 University of Hawaii, superintendent of education,
10 administrative director of the State, administrative director of
11 the courts, and the administrator of the office of Hawaiian
12 affairs are not required to disclose individual items of
13 compensation that constitute a portion of their income or any
14 specific information regarding clients, diminishing the
15 transparency and accountability of these key individuals.

16 The purpose of this Act is to require the governor,
17 lieutenant governor, members of the legislature, governor-



1 appointed executive of each principal department, president of
2 the University of Hawaii, superintendent of education,
3 administrative director of the State, administrative director of
4 the courts, and the administrator of the office of Hawaiian
5 affairs to disclose additional information regarding income
6 received from certain businesses or services.

7 SECTION 2. Section 84-17, Hawaii Revised Statutes, is
8 amended by amending subsection (f) to read as follows:

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

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



1 year and the nature of the services rendered; provided
2 that ~~[information]~~:

3 (A) Information that may be privileged by law ~~[or~~
4 ~~individual items of compensation that constitute~~
5 ~~a portion of the gross income of the business or~~
6 ~~profession from which the person derives income]~~
7 need not be disclosed;

8 (B) Individual items of compensation that constitute
9 a portion of the gross income of the business or
10 profession from which the person derives income
11 need not be disclosed by persons designated in
12 subsection (c), except as provided in
13 subparagraph (C); and

14 (C) The governor, lieutenant governor, members of the
15 legislature, governor-appointed executive of each
16 principal department, president of the University
17 of Hawaii, superintendent of education,
18 administrative director of the State,
19 administrative director of the courts, and the
20 administrator of the office of Hawaiian affairs
21 shall disclose individual items of compensation



1 of \$1,000 or more that were received from a
2 business or service that constitute a portion of
3 the gross income of the business or profession
4 from which the person derives income, including:

5 (i) The name of the person, business entity, or
6 organization from whom, or on behalf of whom
7 the income was received;

8 (ii) The date the income was received; and

9 (iii) A description of services or goods rendered;

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



1 been disclosed pursuant to this paragraph, need not be
2 disclosed;

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

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

13 (5) The street address and, if available, the tax map key
14 number, and the value of any real property in which
15 the person holds an interest whose value is \$10,000 or
16 more, and, if the interest was transferred or obtained
17 during the disclosure period, a statement of the
18 amount and nature of the consideration received or
19 paid in exchange for such interest, and the name of
20 the person furnishing or receiving the consideration;
21 provided that disclosure shall not be required of the



street address and tax map key number of the person's residence;

- (6) The names of clients personally represented before state agencies, except in ministerial matters, for a fee or compensation during the disclosure period and the names of the state agencies involved; and
- (7) The amount and identity of every creditor interest in an insolvent business held during the disclosure period having a value of \$5,000 or more."

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

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

INTRODUCED BY:

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S.B. NO. 2361

Report Title:

Ethics; Financial Disclosure; Client Disclosure; State Executives

Description:

Requires the governor, lieutenant governor, members of the legislature, governor-appointed executive of each principal department, president of the University of Hawaii, superintendent of education, administrative director of the State, administrative director of the courts, and the administrator of the office of Hawaiian affairs to disclose any income of \$1,000 or more received from a business or service, the name of the person or business from whom the income was received, date the income was received, and a description of the services or goods rendered.

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

