

STAND. COM. REP. NO.

676

Honolulu, Hawaii

**MAR 06 2015**

RE: S.B. No. 451

S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Madam:

Your Committee on Judiciary and Labor, to which was referred  
S.B. No. 451 entitled:

"A BILL FOR AN ACT RELATING TO CONFLICTS OF INTEREST,"

begs leave to report as follows:

The purpose and intent of this measure is to prohibit state employees who are subject to the State Ethics Code from taking any official action directly affecting a business or other undertaking in which a parent, sibling, or emancipated child has a substantial financial interest.

Your Committee received testimony in support of this measure from the State Ethics Commission, Common Cause Hawaii, League of Women Voters of Hawaii, and one individual.

Your Committee finds that under existing law, a state employee must abstain from taking official action affecting a business in which the employee, the employee's spouse, or a dependent child of the employee has a financial interest. However, a state employee is not required under existing law to abstain from taking official action affecting a business in which a parent, sibling, or an adult child of the state employee holds financial interest. This measure reduces the appearance of a conflict of interest.

Your Committee has amended this measure by:



- (1) Inserting clarifying language proposed by the Hawaii State Ethics Commission to indicate that a "financial interest" for the purpose of this new limitation does not further apply to a spouse or minor child of the specified persons despite the definition of "financial interest" in section 84-3, Hawaii Revised Statutes (HRS);
- (2) Adopting clarifying language suggested by the State Ethics Commission, which applies to only paragraph (1) of section 84-14(a), HRS, the prohibition of a board or commission member with a particular qualification from taking official action that directly or specifically affects a business in which the board or commission member has a substantial interest only if the substantial interest is related to the board or commission member's particular qualification;
- (3) Changing the reference to "emancipated child" to "adult child" to conform with more precise family law terminology; and
- (4) Inserting an effective date of January 7, 2059, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 451, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 451, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary and  
Labor,

  
GILBERT S.C. KEITH-AGARAN, Chair



The Senate  
Twenty-Eighth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Judiciary and Labor**  
**JDL**

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">SB 451</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">JDL</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">3/4/15</div>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312         </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311         </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310         </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313         </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
KEITH-AGARAN, Gilbert S.C. (C)	✓			
SHIMABUKURO, Maile S.L. (VC)	✓			
ESPERO, Will	✓			
GABBARD, Mike				✓
IHARA, Jr., Les	✓			
THIELEN, Laura H.				✓
SLOM, Sam				✓
<b>TOTAL</b>	4			3
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <input checked="" type="checkbox"/> Adopted         <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature: <div style="text-align: right; margin-top: 10px;"> </div>				
<b>Distribution:</b> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

\*Only one measure per Record of Votes