
A BILL FOR AN ACT

RELATING TO THE STATE ETHICS CODE.

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

1 SECTION 1. The purpose of this Act is to improve the
2 administration of the state ethics code by clarifying provisions
3 on gifts disclosure statements, retention of financial
4 disclosure statements, investigations, and training.

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

7 " ~~[§]~~ §84-11.5 ~~[§]~~ **Reporting of gifts.** (a) Every legislator
8 and employee shall file a gifts disclosure statement with the
9 state ethics commission ~~[on]~~ no later than June 30 of each year
10 if all the following conditions are met:

- 11 (1) The legislator or employee, or spouse or dependent
12 child of a legislator or employee, received directly
13 or indirectly from one source any gift or gifts valued
14 singly or in the aggregate in excess of \$200, whether
15 the gift is in the form of money, service, goods, or
16 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;



- 1 (2) Gifts received by way of distribution of any inter
2 vivos or testamentary trust established by a spouse or
3 ancestor;
- 4 (3) Gifts from a spouse, fiance, fiancée, any relative
5 within four degrees of consanguinity or the spouse,
6 fiance, or fiancée of such a relative. A gift from
7 any such person is a reportable gift if the person is
8 acting as an agent or intermediary for any person not
9 covered by this paragraph;
- 10 (4) Political campaign contributions that comply with
11 state law;
- 12 (5) Anything available to or distributed to the public
13 generally without regard to the official status of the
14 recipient;
- 15 (6) Gifts that, within thirty days after receipt, are
16 returned to the giver or delivered to a public body or
17 to a bona fide educational or charitable organization
18 without the donation being claimed as a charitable
19 contribution for tax purposes; and
- 20 (7) Exchanges of approximately equal value on holidays,
21 birthday, or special occasions.



1 (e) Failure of a legislator or employee to file a gifts
2 disclosure statement as required by this section shall be a
3 violation of this chapter.

4 (f) This section shall not affect the applicability of
5 section 84-11.

6 (g) For purposes of this section, "legislator or employee"
7 includes any individual who was a legislator or employee for any
8 portion of the period from June 1 of the preceding calendar year
9 through May 31 of the year of the report."

10 SECTION 3. Section 84-17, Hawaii Revised Statutes, is
11 amended by amending subsection (f) to read as follows:

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

20 (1) The source and amount of all income of \$1,000 or more
21 received, for services rendered, by the person in the



1 person's own name or by any other person for the
2 person's use or benefit during the preceding calendar
3 year and the nature of the services rendered; provided
4 that required disclosure under this paragraph for the
5 income source of the spouse or dependent child of a
6 person subject to subsection (d) shall be limited to
7 the name of the business or other qualifying source of
8 income, and need not include the income source's
9 address; provided further that other information that
10 may be privileged by law or individual items of
11 compensation that constitute a portion of the gross
12 income of the business or profession from which the
13 person derives income need not be disclosed;

14 (2) The amount and identity of every ownership or
15 beneficial interest held during the disclosure period
16 in any business having a value of \$5,000 or more or
17 equal to ten per cent of the ownership of the business
18 and, if the interest was transferred during the
19 disclosure period, the date of the transfer; provided
20 that an interest in the form of an account in a
21 federal or state regulated financial institution, an



1 interest in the form of a policy in a mutual insurance
2 company, or individual items in a mutual fund or a
3 blind trust, if the mutual fund or blind trust has
4 been disclosed pursuant to this paragraph, need not be
5 disclosed;

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

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

16 (5) The street address and, if available, the tax map key
17 number, and the value of any real property in which
18 the person holds an interest whose value is \$10,000 or
19 more, and, if the interest was transferred or obtained
20 during the disclosure period, a statement of the
21 amount and nature of the consideration received or



1 paid in exchange for such interest, and the name of
2 the person furnishing or receiving the consideration;
3 provided that disclosure shall not be required of the
4 street address and tax map key number of the person's
5 ~~[residence,]~~ residences;

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

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

13 SECTION 4. Section 84-17.5, Hawaii Revised Statutes, is
14 amended by amending subsection (a) to read as follows:

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



1 SECTION 5. Section 84-31, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 "(b) Charges concerning the violation of this chapter
4 shall be in writing, signed by the person making the charge
5 under oath, except that any charge initiated by the commission
6 shall be signed by three or more members of the commission. The
7 commission shall notify in writing every person against whom a
8 charge is received and afford the person an opportunity to
9 explain the conduct alleged to be in violation of the chapter.
10 The commission may investigate~~[7]~~ the charges after compliance
11 with this section~~[7, such charges]~~ and render an informal
12 advisory opinion to the alleged violator. The commission shall
13 investigate all alleged violations and charges on a confidential
14 basis, having available all the powers herein provided, and
15 proceedings at this stage shall not be public~~[7]~~; provided that
16 the commission may refer any matter to another governmental law
17 enforcement agency. If the informal advisory opinion indicates
18 a probable violation, the person charged shall request a formal
19 opinion or within a reasonable time comply with the informal
20 advisory opinion. If the person charged fails to comply with
21 ~~[such]~~ the informal advisory opinion or if a majority of the



1 members of the commission determine that there is probable cause
2 for belief that a violation of this chapter might have occurred,
3 a copy of the charge and a further statement of the alleged
4 violation shall be personally served upon the alleged violator.
5 Service shall be made by personal service upon the alleged
6 violator wherever found or by registered or certified mail with
7 request for a return receipt and marked deliver to addressee
8 only. If after due diligence service cannot be effected
9 successfully in accordance with the above, service may be made
10 by publication if so ordered by the circuit court of the circuit
11 wherein the alleged violator last resided. The state ethics
12 commission shall submit to the circuit court for its
13 consideration in issuing its order to allow service by
14 publication an affidavit setting forth facts based upon the
15 personal knowledge of the affiant concerning the methods, means,
16 and attempts made to locate and effect service by personal
17 service or by registered or certified mail in accordance with
18 the above. Service by publication when ordered by the court
19 shall be made by publication once a week for four successive
20 weeks of a notice in a newspaper of general circulation in the
21 circuit of the alleged violator's last known state address. The



1 alleged violator shall have twenty days after service thereof to
2 respond in writing to the charge and statement."

3 SECTION 6. Section 84-43, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "[~~§~~84-43~~§~~] **Ethics training course.** (a) The state
6 ethics commission shall establish, design, supervise, and
7 conduct ethics training [~~designed specifically~~] for the officers
8 and employees to whom this part applies.

9 (b) The ethics training course shall include:

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

18 The [~~state ethics~~] commission shall develop the methods and
19 prepare any materials necessary to implement the course.

20 (c) The [~~state ethics~~] commission shall:

- 21 (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 7. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.



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

4 SECTION 9. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 10. This Act shall take effect on January 1, 2050.



Report Title:

State Ethics Commission; State Ethics Code; Gift Disclosure Statements; Personal Residences; Financial Disclosures; Investigations; Training

Description:

Clarifies State Ethics Code provisions on gifts disclosure statements, financial interest disclosures, retention of financial disclosure statements, investigations, and training.
(HB1853 HD1)

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

