

JAN 24 2019

A BILL FOR AN ACT

RELATING TO STATE AGENCIES.

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

1 SECTION 1. The legislature finds that the State and its
2 subdivisions have an obligation in the management of trust
3 revenues and properties to act prudently and ensure
4 accountability and transparency. Accordingly, the purpose of
5 this Act is to:

- 6 (1) Prohibit any state agency, including departments,
7 offices, boards, agencies, authorities,
8 instrumentalities, public corporations, other
9 governmental organizations, and political
10 subdivisions, from creating any corporate entity
11 without the approval of the legislature;
- 12 (2) Require any corporate entity created by a state agency
13 to provide a detailed accounting the legislature,
14 attorney general, and auditor upon request;
- 15 (3) Allow appropriations to a state agency to be withheld
16 if a corporate entity within the department, office,



1 or other agency fails to provide a timely accounting
2 upon request; and

3 (4) Establishes that any employee, officer, agent, or
4 contractor of a state agency who improperly creates a
5 corporate entity and transfers to that entity any
6 moneys, property, or interest in property is guilty of
7 theft.

8 SECTION 2. Chapter 26, Hawaii Revised Statutes, is amended
9 by adding a new section to be appropriately designated and to
10 read as follows:

11 "§26- Formation of corporate entities by state agencies;
12 legislative approval; required disclosure. (a) No state agency
13 shall create or cause to be created any corporate entity without
14 the approval of the legislature.

15 (b) Any corporate entity created by, within, or under the
16 supervision of a state agency shall, upon request, provide a
17 detailed accounting to the legislature, attorney general, and
18 auditor. If any corporate entity fails to provide a timely
19 accounting pursuant to this subsection, appropriations to the
20 state agency to which the corporate entity is subservient may be
21 withheld until such time as the accounting is provided.



1 (c) Any employee, officer, agent, or contractor of a state
 2 agency who creates or causes to be created a corporate entity in
 3 violation of subsection (a) and who transfers or causes to be
 4 transferred any moneys, property, or interests in property to
 5 that corporate entity shall be guilty of theft as provided in
 6 sections 708-830, 708-830.5, 708-831, 708-832, and 708-833.

7 (d) For purposes of this section, "state agency" includes
 8 any department, office, board, agency, authority,
 9 instrumentality, public corporation, or other governmental
 10 organization of the State or of any political subdivision of the
 11 State."


12 SECTION 3. This Act does not affect rights and duties that
 13 matured, penalties that were incurred, and proceedings that were
 14 begun before its effective date.

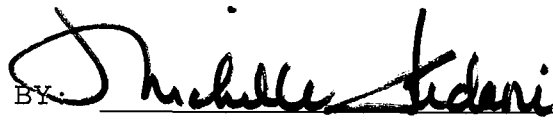





15 SECTION 4. New statutory material is underscored.

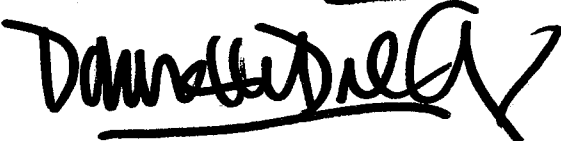
16 SECTION 5. This Act shall take effect upon its approval.

17

INTRODUCED BY:


 Paul E. P...


 Michelle Tidoni

 Clarence W. ...

 Lorraine R. ...

 Anne ...

 Ephraim ...

 Kurt Ferrelle





S.B. NO. 1514

Report Title:

State Agencies, Legislative Approval

Description:

Prohibits any state agency, including departments, offices, boards, agencies, authorities, instrumentalities, public corporations, other governmental organizations, and political subdivisions, from creating any corporate entity without the approval of the legislature. Requires any corporate entity created by a state agency to provide a detailed accounting the legislature, attorney general, and auditor upon request. Allows appropriations to a state agency to be withheld if a corporate entity within the state agency fails to provide a timely accounting upon request. Establishes that any employee, officer, agent, or contractor of a state agency who improperly creates a corporate entity and transfers to that entity any moneys, property, or interest in property is guilty of theft.

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

