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# 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 to the legislature,  
14          attorney general, and auditor upon request; and
- 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.

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

6 "§10- Formation of corporate entities by state agencies;  
7 legislative approval; required disclosure. (a) No state agency  
8 shall create or cause to be created any corporate entity without  
9 the approval of the legislature.

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

17 (c) For purposes of this section, "state agency" includes  
18 any department, office, board, agency, authority,  
19 instrumentality, public corporation, other governmental  
20 organization of the State or of any political subdivision of the  
21 State."



1 SECTION 3. Chapter 26, Hawaii Revised Statutes, is amended  
2 by adding a new section to be appropriately designated and to  
3 read as follows:

4 "§26- Formation of corporate entities by state agencies;  
5 legislative approval; required disclosure. (a) No state agency  
6 shall create or cause to be created any corporate entity without  
7 the approval of the legislature.

8 (b) Any corporate entity created by, within, or under the  
9 supervision of a state agency shall, upon request, provide a  
10 detailed accounting to the legislature, attorney general, and  
11 auditor. If any corporate entity fails to provide a timely  
12 accounting pursuant to this subsection, appropriations to the  
13 state agency to which the corporate entity is subservient may be  
14 withheld until such time as the accounting is provided.

15 (c) For purposes of this section, "state agency" includes  
16 any department, office, board, agency, authority,  
17 instrumentality, public corporation, other governmental  
18 organization of the State or of any political subdivision of the  
19 State, or any corporate body that shall be a separate entity  
20 independent of the executive branch.



1        (d) This section shall not apply to the creation or use of  
2 any corporate entity by the employees' retirement system of the  
3 State, including its officers, employees, contractors, partners,  
4 or agents, in exercising its investment functions authorized by  
5 chapter 88 or other chapters or sections of State law."

6        SECTION 4. This Act does not affect rights and duties that  
7 matured, penalties that were incurred, and proceedings that were  
8 begun before its effective date.

9        SECTION 5. New statutory material is underscored.

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

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**Report Title:**

State Agencies, Legislative Approval; Corporate Entities

**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. Provides an exemption for the employees' retirement system. Effective 7/1/2050. (SD1)

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

