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# A BILL FOR AN ACT

RELATING TO BOARDS AND COMMISSIONS.

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

1           SECTION 1. The legislature finds that public members of  
2 boards and commissions more adequately represent the public  
3 interest when those members have no association with the  
4 profession or any relationship with a member of the profession  
5 that the board or commission regulates. Public members are not  
6 expected or required to be experienced or an expert in the  
7 regulated profession. This unique and important role of the  
8 public member mitigates the anticompetitive effects of a board  
9 or commission's actions, which may occur when the board or  
10 commission is dominated by active market participants.

11           The legislature further finds that well-informed and  
12 engaged public members bring several advantages to regulation,  
13 including:

14           (1) Reducing the potential for board decisions that favor  
15           the industry over the public;



- 1       (2) Reducing the potential for decisions that
- 2             illegitimately favor one fraction of an industry over
- 3             another;
- 4       (3) Encouraging public participation in government
- 5             decision-making;
- 6       (4) Enhancing public confidence and trust in government;
- 7       (5) Expanding the range of skills, talent, training, and
- 8             perspectives available for higher quality and creative
- 9             board action;
- 10       (6) Raising the level of board discussions towards closer
- 11            scrutiny of an industry; and
- 12       (7) Strengthening the board's credibility in its
- 13            decision-making and advocacy.

14       Accordingly, the purpose of this Act is to prohibit a  
15 public member of any board or commission under the department of  
16 commerce and consumer affairs' purview from:

- 17       (1) Being engaged in the occupation that the board or
- 18            commission regulates;
- 19       (2) Being associated with a member of the occupation that
- 20            the board or commission regulates that results in a
- 21            material conflict of interest, an appearance of



1           impropriety, or a reasonable suspicion that the public  
2           member does not represent the public interest; or  
3           (3) Having a direct financial interest in the regulated  
4           occupation.

5           SECTION 2. Section 26-9, Hawaii Revised Statutes, is  
6           amended by amending subsection (d) to read as follows:

7           "(d) Except as otherwise provided by this chapter, the  
8           functions, duties, and powers, subject to the administrative  
9           control of the director of commerce and consumer affairs, and  
10          the composition of each board and commission shall be as  
11          provided by law. A public member of any board or commission  
12          listed in subsection (c) shall not:

- 13           (1) Be engaged in the occupation that the board or  
14           commission regulates;  
15           (2) Be associated with a member of the occupation that the  
16           board or commission regulates that results in a  
17           material conflict of interest, an appearance of  
18           impropriety, or a reasonable suspicion that the public  
19           member does not represent the public interest; or  
20           (3) Have a direct financial interest in the occupation  
21           that the board or commission regulates.



1        As used in this subsection, "material conflict of interest"  
2 means a conflict of interest that has the potential to:  
3        (1) Influence a member's decision or conduct; or  
4        (2) Have a non-trivial impact on the financial situation  
5        of a member or an entity in which the member or  
6        immediate family member of the member has a  
7        significant financial interest."

8        SECTION 3. New statutory material is underscored.

9        SECTION 4. This Act shall take effect on July 1, 2112.



**Report Title:**

Department of Commerce and Consumer Affairs; Boards;  
Commissions; Public Member

**Description:**

Prohibits a public member of any board or commission under DCCA's purview from being engaged in the occupation that the board or commission regulates; being associated with a member of the occupation that the board or commission regulates that results in a material conflict of interest, an appearance of impropriety, or a reasonable suspicion that the public member does not represent the public interest; or having a financial interest in the regulated occupation. Effective 7/1/2112.  
(HD1)

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