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## A BILL FOR AN ACT

RELATING TO NEPOTISM.

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

1           SECTION 1. The legislature finds that the house of  
2 representatives adopted House Resolution No. 9 (2022) to  
3 establish the commission to improve standards of conduct. The  
4 resolution requests the commission ensure state laws and rules  
5 relating to standards of conduct of public officers and  
6 employees contain clear standards, enforcement, and penalties  
7 and provide recommendations to increase awareness of, compliance  
8 with, and deterrent effects of the code of ethics, lobbying  
9 laws, campaign finance laws, and other relevant laws and rules.

10           Pursuant to House Resolution No. 9, the commission to  
11 improve standards of conduct convened regularly throughout 2022  
12 to diligently review, discuss, and consider the issues  
13 presented, submitted an interim report to the house of  
14 representatives outlining areas of immediate and long-term  
15 focus, then continued its work with input from the public and  
16 invited individuals and agencies to issue a final report with  
17 various recommendations and accompanying proposed legislation.



1           The legislature also finds that the strength and stability  
2 of our democratic government rely upon the public's trust in  
3 government institutions, including the expectation that officers  
4 act ethically with prudence, integrity, and sound judgement.  
5 Therefore, an essential goal of the commission was to provide  
6 recommendations that would help restore public trust in state  
7 government and increase the level of transparency in its  
8 operations and accountability of individuals.

9           Accordingly, the purpose of this Act is to implement  
10 recommendations of the commission to improve standards of  
11 conduct relating to nepotism and promote good government by  
12 prospectively prohibiting legislators and certain state  
13 employees from hiring, contracting with, or taking official  
14 action affecting their relatives or household members.

15           SECTION 2. Chapter 84, Hawaii Revised Statutes, is amended  
16 by adding a new section to be appropriately designated and to  
17 read as follows:

18           "§84-       Nepotism; prohibition. (a) Beginning July 1,  
19 2023, no legislator or employee shall:



1       (1) Appoint, hire, or promote a relative or household  
2       member to, or demote, discharge, or terminate a  
3       relative or household member from; or

4       (2) Participate in an interview or discussion regarding  
5       the appointment, hiring, or promotion of a relative or  
6       household member to, or the demotion, discharge, or  
7       termination of a relative or household member from,  
8       a paid position in the legislator's or employee's employing  
9       agency; provided that this subsection shall not prohibit a  
10       legislator or employee from performing ministerial acts that may  
11       impact the relative or household member if those acts are a part  
12       of the normal job functions of the legislator or employee.

13       (b) Beginning July 1, 2023, no legislator or employee  
14       shall supervise a relative or household member unless:

15       (1) The legislator or employee has a physical impairment  
16       requiring the employment of a particular relative or  
17       household member; provided that the legislator or  
18       employee discloses the prospective employment to the  
19       state ethics commission before the appointment or hire  
20       is made; or



1       (2) The legislator or employee disqualifies the  
2       legislator's or employee's self from taking any  
3       official action directly affecting the relative or  
4       household member.

5       (c) No legislator or employee shall award a contract to or  
6       otherwise take official action on a contract with a business if  
7       the legislator or employee knows or reasonably should know that  
8       the legislator's or employee's relative or household member is  
9       an executive officer of or holds a substantial ownership  
10      interest in that business.

11      (d) Notwithstanding the prohibitions in this section, if  
12      an employee who is a supervisor or executive director is unable  
13      to waive or disengage from completing their official duties or  
14      from taking official action and is legally required to take  
15      action that directly impacts a relative or household member  
16      receiving an award or other official action on a contract  
17      described in subsection (c), the employee shall not be in  
18      violation of this section if the employee:

19      (1) Has complied with the disclosure requirements of  
20      section 84-17; and



1       (2) Posts a notice of intent to award the contract and  
2       files a copy of the notice with the state ethics  
3       commission at least five days before awarding the  
4       contract. If the posting and filing of the award in  
5       advance is otherwise prohibited by law, notice shall  
6       be posted and filed as soon as practicable. Every  
7       notice of intent shall describe the employee's  
8       relationship with the relative or household member,  
9       the relative or household member's relationship with  
10      the entity receiving the contract, action taken and to  
11      be taken affecting the relative or household member's  
12      business, and the dollar value of the contract.

13      (e) Upon application, the state ethics commission may  
14      grant an exception to a legislator, employee, or agency that is  
15      unable to comply with this section for good cause, including a  
16      demonstrated lack of qualified personnel or applicants.

17      (f) Any legislator or employee who knowingly violates this  
18      section shall be subject to the administrative fines set forth  
19      in section 84-39. Any favorable action obtained by a relative  
20      or household member of a legislator or employee in violation of



1 this section is voidable in accordance with sections 84-16 and  
2 84-19.

3 (g) This section shall not affect the applicability of  
4 section 84-13 or 84-14.

5 (h) This section shall not prohibit a state agency from  
6 appointing, hiring, promoting, discharging, firing, or demoting  
7 a relative or household member of a legislator or employee  
8 employed by the agency.

9 (i) For purposes of this section:

10 "Household member" means an individual who resides in the  
11 same dwelling unit as the legislator or employee.

12 "Relative" means the legislator's or employee's parent,  
13 grandparent, stepparent, child, grandchild, stepchild, brother,  
14 sister, half-brother, half-sister, stepbrother, stepsister,  
15 uncle, aunt, first cousin, nephew, niece, spouse, spouse's  
16 parent, son-in-law, daughter-in-law, brother-in-law, or sister-  
17 in-law."

18 SECTION 3. This Act does not affect rights and duties that  
19 matured, penalties that were incurred, and proceedings that were  
20 begun before its effective date, and does not apply to any



1 legislator or employee whose employment was terminated before  
2 the effective date of this Act.

3 SECTION 4. If any provision of this Act, or the  
4 application thereof to any person or circumstance, is held  
5 invalid, the invalidity does not affect other provisions or  
6 applications of the Act that can be given effect without the  
7 invalid provision or application, and to this end the provisions  
8 of this Act are severable.

9 SECTION 5. New statutory material is underscored.

10 SECTION 6. This Act shall take effect on July 1, 2023.

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INTRODUCED BY: \_\_\_\_\_

*Sam*

JAN 20 2023



**Report Title:**

Commission to Improve Standards of Conduct; Nepotism;  
Legislators; State Employees; Administrative Fine

**Description:**

Beginning 7/1/2023, prohibits under certain circumstances legislators and state employees from hiring or promoting relatives and household members and from making or participating in certain other employment-related decisions and from awarding a contract to or otherwise taking official action on a contract with a business if the legislator's or employee's relative or household member is an executive officer of or holds a substantial ownership interest in that business. Imposes administrative fines for violations.

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

