
A BILL FOR AN ACT

RELATING TO GOVERNMENT.

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

1 SECTION 1. Chapter 11, Hawaii Revised Statutes, is amended
2 by adding a new section to part XIII, subpart E, to be
3 appropriately designated and to read as follows:

4 "§11- Contributions or solicitations by state
5 contractors prohibited; list of prohibited state contractors.

6 (a) No state contractor, prospective state contractor, or
7 principal of a state contractor or prospective state contractor,
8 with regard to a state contract or a state contract solicitation
9 with or from a state agency or a holder, or principal of a
10 holder, of a valid prequalification certificate issued by the
11 procurement policy board under section 103D- , shall make a
12 contribution to, or knowingly solicit contributions from the
13 state contractor's or prospective state contractor's employees
14 or from a subcontractor or principals of the subcontractor on
15 behalf of:

16 (1) A candidate committee established by a candidate for
17 nomination or election to the office of governor,



1 lieutenant governor, state senator, or state
2 representative;

3 (2) A noncandidate committee authorized to make
4 contributions or expenditures to or for the benefit of
5 the candidates under paragraph (1); or

6 (3) A political party committee.

7 (b) Each state agency shall report to the commission the
8 names of any state contractor or prospective state contractor
9 that has or is seeking a state contract with the state agency.

10 The commission shall periodically publish the names of the state
11 contractors and prospective state contractors on its website, as
12 reported by the state agencies.

13 (c) For the purposes of this section:

14 "Business entity":

15 (1) Means the following, whether organized in or outside
16 of this State:

17 (A) Stock corporations, banks, insurance companies,
18 business associations, bankers associations,
19 insurance associations, trade or professional
20 associations that receive funds from membership
21 dues and other sources, partnerships, joint



1 ventures, and private foundations, as defined in
2 section 509 of the Internal Revenue Code of 1986,
3 as amended;

4 (B) Trusts or estates;

5 (C) Professional corporations under chapter 415A,
6 except as provided in paragraph (2) (A); or

7 (D) Cooperatives, and any other association,
8 organization, or entity that is engaged in the
9 operation of a business or profit-making
10 activity; and

11 (2) Does not include:

12 (A) Professional corporations under chapter 415A that
13 are owned by a single individual;

14 (B) Non-stock corporations that are not engaged in
15 business or profit-making activity;

16 (C) Labor organizations, employee organizations,
17 bargaining representative organizations for
18 teachers, any local, state, or national
19 organization, to which a labor organization pays
20 membership or per capita fees, based upon its
21 affiliation or membership, and trade or



1 professional associations that receive their
2 funds exclusively from membership dues, whether
3 organized in or outside of this State; or

4 (D) Candidate committees, noncandidate committees, or
5 political party committees.

6 For purposes of this section, corporations that are component
7 members of a controlled group of corporations, as those terms
8 are defined in section 1563 of the Internal Revenue Code of
9 1986, as amended, shall be deemed to be one corporation.

10 "Dependent child" means a child residing in an individual's
11 household who may legally be claimed as a dependent on the
12 federal income tax return of the individual.

13 "Managerial or discretionary responsibilities with respect
14 to a state contract" means having direct, extensive, and
15 substantive responsibilities with respect to the negotiation of
16 the state contract and not peripheral, clerical, or ministerial
17 responsibilities.

18 "Principal of a state contractor or prospective state
19 contractor" means:

20 (1) Any individual who is a member of the board of
21 directors of, or has an ownership interest of five per



1 cent or more in, a state contractor or prospective
2 state contractor, that is a business entity, except
3 for an individual who is a member of the board of
4 directors of a nonprofit organization;

5 (2) An individual who is employed by a state contractor or
6 prospective state contractor, that is a business
7 entity, as president, treasurer, or executive vice
8 president;

9 (3) An individual who is the chief executive officer of a
10 state contractor or prospective state contractor, that
11 is not a business entity, or if a state contractor or
12 prospective state contractor has no chief executive
13 officer, then the officer who duly possesses
14 comparable powers and duties;

15 (4) An officer or an employee of any state contractor or
16 prospective state contractor who has managerial or
17 discretionary responsibilities with respect to a state
18 contract;

19 (5) The spouse or a dependent child who is eighteen years
20 of age or older of an individual described in this
21 definition; or



1 (6) A noncandidate committee established or controlled by
2 an individual described in this definition or the
3 business entity or nonprofit organization that is the
4 state contractor or prospective state contractor.

5 "Principal of a subcontractor" means:

6 (1) Any individual who is a member of the board of
7 directors of, or has an ownership interest of five per
8 cent or more in, a subcontractor, that is a business
9 entity, except for an individual who is a member of
10 the board of directors of a nonprofit organization;

11 (2) An individual who is employed by a subcontractor, that
12 is a business entity, as president, treasurer, or
13 executive vice president;

14 (3) An individual who is the chief executive officer of a
15 subcontractor, that is not a business entity, or if a
16 subcontractor has no chief executive officer, then the
17 officer who duly possesses comparable powers and
18 duties;

19 (4) An officer or an employee of any subcontractor who has
20 managerial or discretionary responsibilities with
21 respect to a subcontract with a state contractor;



1 (5) The spouse or a dependent child who is eighteen years
2 of age or older of an individual described in this
3 definition; or

4 (6) A noncandidate committee established or controlled by
5 an individual described in this definition or the
6 business entity or nonprofit organization that is the
7 subcontractor.

8 "Prospective state contractor" means a person, business
9 entity, or nonprofit organization that:

10 (1) Submits a response to a state contract solicitation by
11 the State or a state agency, or a proposal in response
12 to a request for proposals by the State or a state
13 agency, until the contract has been entered into; or

14 (2) Holds a valid prequalification certificate issued by
15 the procurement policy board under section 103D- .

16 "Prospective state contractor" does not include any political
17 subdivision of the State, including any entities or associations
18 duly created by the political subdivision exclusively amongst
19 themselves to further any purpose authorized by statute or
20 charter, or an employee in the executive or legislative branch
21 of state government or any state agency, whether in civil



1 service or exempt and full- or part-time, and only in the
2 person's capacity as a state agency employee.

3 "Rendition of services" means the provision of any service
4 to a state agency in exchange for a fee, remuneration, or
5 compensation of any kind from the State or through an
6 arrangement with the State.

7 "State agency" means any office, department, board,
8 council, commission, institution, or other agency in the
9 executive or legislative branch of state government.

10 "State contract" means an agreement or contract with the
11 State or any state agency, let through a procurement process or
12 otherwise, having a value of \$50,000 or more, or a combination
13 or series of such agreements or contracts having a value of
14 \$100,000 or more in a calendar year, for:

- 15 (1) The rendition of services;
16 (2) The furnishing of any goods, material, supplies,
17 equipment, or any items of any kind;
18 (3) The construction, alteration, or repair of any public
19 building or public work;
20 (4) The acquisition, sale, or lease of any land or
21 building;



1 (5) A licensing arrangement; or

2 (6) A grant, loan, or loan guarantee.

3 "State contract" does not include any agreement or contract with
4 the State or any state agency that is exclusively federally
5 funded, an education loan, a loan to an individual for other
6 than commercial purposes, or any agreement or contract between
7 the State or any state agency and the United States Department
8 of the Navy or the United States Department of Defense.

9 "State contract solicitation" means a request by a state
10 agency, in whatever form issued, including but not limited to an
11 invitation to bid, request for proposals, request for
12 information or request for quotes, inviting bids, quotes, or
13 other types of submittals, through a competitive procurement
14 process or another process authorized by law waiving competitive
15 procurement.

16 "State contractor" means a person, business entity, or
17 nonprofit organization, that enters into a state contract. The
18 person, business entity, or nonprofit organization shall be
19 deemed to be a state contractor until December 31 of the year in
20 which the contract terminates. "State contractor" does not
21 include:



1 (1) Any political subdivision of the State, including any
2 entities or associations duly created by the political
3 subdivision exclusively amongst themselves to further
4 any purpose authorized by statute or charter; or

5 (2) An employee in the executive or legislative branch of
6 state government or any state agency, whether in civil
7 service or exempt and full- or part-time, and only in
8 the person's capacity as a state agency employee.

9 "Subcontractor" means any person, business entity, or
10 nonprofit organization that contracts to perform part or all of
11 the obligations of a state contractor's state contract. The
12 person, business entity, or nonprofit organization shall be
13 deemed to be a subcontractor until December 31 of the year in
14 which the subcontract terminates. "Subcontractor" does not
15 include:

16 (1) Any political subdivision of the State, including any
17 entities or associations duly created by the political
18 subdivision exclusively amongst themselves to further
19 any purpose authorized by statute or charter; or

20 (2) An employee in the executive or legislative branch of
21 state government or any state agency, whether in civil



1 service or exempt and full- or part-time, and only in
2 the person's capacity as a state agency employee."

3 SECTION 2. Chapter 103D, Hawaii Revised Statutes, is
4 amended by adding a new section to part III to be appropriately
5 designated and to read as follows:

6 "§103D- **Prequalification of contractors; public**
7 **buildings; public works.** The policy board shall adopt rules to
8 issue prequalification certificates to prospective contractors
9 for the construction, reconstruction, alteration, remodeling,
10 repair, or demolition of any public building or any other public
11 work by the State or a county."

12 SECTION 3. Section 11-302, Hawaii Revised Statutes, is
13 amended by adding a new definition to be appropriately inserted
14 and to read as follows:

15 "Political party committee" means a state central
16 committee or a county committee. "Party committee" does not
17 mean a party-affiliated or district committee that receives all
18 of its funds from the state central committee of its party or
19 from a single county committee with the same party affiliation.
20 Any such committee so funded shall be construed to be a part of



1 its state central committee or county committee for purposes of
2 this chapter."

3 SECTION 4. Section 11-355, Hawaii Revised Statutes, is
4 amended by amending its title and subsections (a) and (b) to
5 read as follows:

6 "[~~§~~§11-355~~§~~] **Contributions by [~~state and~~] county**
7 **contractors prohibited.** (a) It shall be unlawful for any
8 person who enters into any contract with [~~the State,~~] any of the
9 counties~~[,]~~ or any department or agency thereof either for the
10 rendition of personal services, the buying of property, or
11 furnishing of any material, supplies, or equipment to [~~the~~
12 ~~State,~~] any of the counties~~[,]~~ or any department or agency
13 thereof, or for selling any land or building to [~~the State,~~] any
14 of the counties~~[,]~~ or any department or agency thereof, if
15 payment for the performance of the contract or payment for
16 material, supplies, equipment, land, property, or building is to
17 be made in whole or in part from funds appropriated by the
18 legislative body, at any time between the execution of the
19 contract through the completion of the contract, to:

20 (1) Directly or indirectly make any contribution, or
21 promise expressly or impliedly to make any



1 contribution to any candidate committee or
2 noncandidate committee, or to any candidate or to any
3 person for any political purpose or use; or

4 (2) Knowingly solicit any contribution from any person for
5 any purpose during any period.

6 (b) Except as provided in subsection (a), this section
7 does not prohibit or make unlawful the establishment or
8 administration of, or the solicitation of contributions to, any
9 noncandidate committee by any person other than the ~~[state or]~~
10 county contractor for the purpose of influencing the nomination
11 for election, or the election of any person to office."

12 SECTION 5. Section 11-357, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "[+]§11-357[+] **Contributions to candidate committees;**

15 **limits.** (a) ~~[No]~~ Except as provided in subsection (b), no

16 person shall make contributions to:

17 ~~[-(1) A candidate seeking nomination or election to a two-~~
18 ~~year office or to a candidate committee in an~~
19 ~~aggregate amount greater than \$2,000 during an~~
20 ~~election period;~~



1 ~~(2)~~ A candidate seeking nomination or election to a four-
2 year nonstatewide office or to a candidate committee
3 in an aggregate amount greater than \$4,000 during an
4 election period; or

5 ~~(3)]~~ (1) A candidate seeking nomination or election to a
6 four-year statewide office or to a candidate committee
7 in an aggregate amount greater than \$6,000 during an
8 election period~~[]~~;

9 (2) A candidate seeking nomination or election to a four-
10 year non-statewide office or to a candidate committee
11 in an aggregate amount greater than \$4,000 during an
12 election period; or

13 (3) A candidate seeking nomination or election to a two-
14 year office or to a candidate committee in an
15 aggregate amount greater than \$2,000 during an
16 election period.

17 ~~[(b)]~~ For purposes of this ~~[section,]~~ subsection, the
18 length of term of an office shall be the usual length of term of
19 the office as unaffected by reapportionment, a special election
20 to fill a vacancy, or any other factor causing the term of the



1 office the candidate is seeking to be less than the usual length
2 of term of that office.

3 (b) No noncandidate committee organized by a business
4 entity shall make contributions to or for the benefit of any
5 candidate's campaign for nomination at a primary or any
6 candidate's campaign for election to:

7 (1) The office of governor, in an aggregate amount greater
8 than \$5,000;

9 (2) The office of lieutenant governor, in an aggregate
10 amount greater than \$3,000;

11 (3) The office of state senator or mayor of the respective
12 counties, in an aggregate amount greater than \$1,500;

13 (4) The office of state representative, in excess of \$750;
14 or

15 (5) Any other office, in excess of \$375.

16 (c) For purposes of this section, "business entity" has
17 the same meaning as in section 11- ."

18 SECTION 6. Section 11-358, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "**[~~§~~11-358~~]~~ Contributions to noncandidate committees;**

21 **limits.** (a) No individual shall make contributions in any one



1 calendar year in an aggregate amount greater than \$1,000 to a
2 noncandidate committee other than:

3 (1) A ballot issue committee; or

4 (2) A noncandidate committee established by an
5 organization, or for the benefit of such committee
6 pursuant to its authorization or request.

7 (b) ~~[No]~~ Except as provided in subsection (c), no person,
8 excluding individuals, shall make contributions to a
9 noncandidate committee in an aggregate amount greater than
10 \$1,000 in an election. This section shall not apply to ballot
11 issue committees.

12 (c) No noncandidate committee organized by a business
13 entity shall make contributions in any calendar year to a
14 noncandidate committee in an aggregate amount greater than
15 \$2,000.

16 (d) For purposes of this section, "business entity" has
17 the same meaning as in section 11- ."

18 SECTION 7. Section 11-360, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "[+]§11-360[+] **Contributions to a party.** (a) No person
21 shall make contributions to a party in an aggregate amount



1 greater than \$25,000 in any two-year election period, except as
2 provided in subsection (b) [~~-~~]; provided that no:

3 (1) Individual shall make contributions in any one
4 calendar year in an aggregate amount greater than
5 \$10,000 to a state central committee of any party, or
6 for the benefit of such committee pursuant to its
7 authorization or request; and

8 (2) Noncandidate committee organized by a business entity
9 shall make contributions in any calendar year in an
10 aggregate amount greater than \$7,500 to a state
11 central committee of any party or \$1,500 to a county
12 committee of any political party.

13 (b) No political party committee established and
14 maintained by a national political party shall make
15 contributions to a party in an aggregate amount greater than
16 \$50,000 in any two-year election period.

17 (c) If a person makes a contribution to a party that is
18 earmarked for a candidate or candidates, the contribution shall
19 be deemed to be a contribution from both the original
20 contributor and the party distributing [~~such~~] the funds to a



1 candidate or candidates. The earmarked funds shall be promptly
2 distributed by the party to the candidate.

3 (d) This section shall not prohibit a candidate from
4 making contributions to the candidate's party if contributions
5 are not earmarked for another candidate.

6 (e) For purposes of this section, "business entity" has
7 the same meaning as in section 11- ."

8 SECTION 8. Section 11-365, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "[+]§11-365[+] **Contributions and expenditures by lobbyists**
11 **prohibited during legislative session[-]; solicitation of client**
12 **lobbyists prohibited.** (a) During any regular session or
13 special session of the state legislature, including any
14 extension of any regular session or special session and any
15 legislative recess days, holidays, and weekends, and for five
16 calendar days before and after a session, no lobbyist shall
17 make, or promise to make at a later time, any contributions or
18 expenditures to or on behalf of an elected official, candidate,
19 candidate committee, or any other individual required to file an
20 organizational report pursuant to section 11-321. No elected
21 official, candidate, candidate committee, or other individual



1 required to file an organizational report pursuant to section
2 11-321 shall accept, or agree to accept at a later time, any
3 contribution from a lobbyist during the specified period under
4 this subsection. Any contribution prohibited by this subsection
5 shall escheat to the Hawaii election campaign fund.

6 (b) No lobbyist, immediate family member of a lobbyist,
7 agent of a lobbyist, or noncandidate committee established or
8 controlled by a lobbyist or any such immediate family member or
9 agent shall knowingly solicit contributions from any individual
10 who is a member of the board of directors of, an employee of, or
11 a partner in, or who has an ownership interest of five per cent
12 or more in, any client lobbyist that the lobbyist lobbies on
13 behalf of pursuant to the lobbyist's registration.

14 ~~(b)~~ (c) For the purposes of this section:

15 "Client lobbyist" means a lobbyist on behalf of whom
16 lobbying takes place and who makes expenditures for lobbying and
17 in furtherance of lobbying.

18 "Elected official" has the same meaning as in section 11-
19 342.

20 "Lobbying" has the same meaning as in section 97-1.



1 "Lobbyist" means any person actively registered as a
2 lobbyist with a state or county ethics board or commission."

3 SECTION 9. Section 11-410, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) The commission may make a decision or issue an order
6 affecting any person violating any provision of this part that
7 may provide for the assessment of an administrative fine [as
8 follows:

9 ~~(1) If a person other than a person described in paragraph~~
10 ~~(2),] in an amount not to exceed [~~\$1,000~~] \$5,000 for~~
11 each occurrence or an amount not to exceed three times
12 the amount of an unlawful contribution or
13 expenditure [~~;~~ or

14 ~~(2) If a noncandidate committee that makes only~~
15 ~~independent expenditures and has either received at~~
16 ~~least one contribution of more than \$10,000 from any~~
17 ~~one person or has made expenditures of more than~~
18 ~~\$10,000 in the aggregate, in an election period, an~~
19 ~~amount not to exceed \$5,000 for each occurrence; or an~~
20 ~~amount not to exceed three times the amount of an~~



1 ~~unlawful contribution or expenditure,~~ or an
2 unlawfully solicited contribution;
3 provided that whenever a corporation, organization, association,
4 or labor union violates this part, the violation may be deemed
5 to be also that of the individual directors, officers, or agents
6 of the corporation, organization, association, or labor union,
7 who have knowingly authorized, ordered, or done any of the acts
8 constituting the violation."

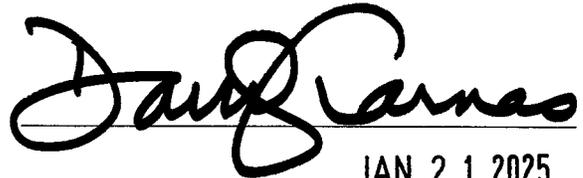
9 SECTION 10. This Act does not affect rights and duties
10 that matured, penalties that were incurred, and proceedings that
11 were begun before its effective date.

12 SECTION 11. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 12. This Act shall take effect upon its approval.

15

INTRODUCED BY:


JAN 21 2025



H.B. NO. 894

Report Title:

Campaign Finance; Procurement; State Contracts; Lobbyists

Description:

Prohibits state contractors, prospective state contractors, holders of procurement prequalification certificates, or principals of these groups from making contributions to, or soliciting contributions from their employees or from subcontractors or principals of subcontractors on behalf of, certain candidate committees, noncandidate committees, and political party committees. Requires the Procurement Policy Board to adopt rules to issue prequalification certificates to prospective contractors for public buildings or other public works. Amends the contribution limits for certain individuals and noncandidate committees. Prohibits lobbyists and certain persons related to lobbyists from soliciting contributions from client lobbyists. Increases the administrative fines.

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

