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# A BILL FOR AN ACT

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RELATING TO GOVERNMENT.

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

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

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

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

(1) A candidate committee established by a candidate for  
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;~~



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

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

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

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

~~[(b)]~~ For purposes of this ~~[section,]~~ subsection, the length of term of an office shall be the usual length of term of the office as unaffected by reapportionment, a special election 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**





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

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

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

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

(c) If a person makes a contribution to a party that is earmarked for a candidate or candidates, the contribution shall be deemed to be a contribution from both the original 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;

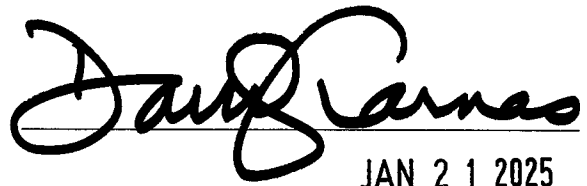
3   provided that whenever a corporation, organization, association,  
4   or labor union violates this part, the violation may be deemed  
5   to be also that of the individual directors, officers, or agents  
6   of the corporation, organization, association, or labor union,  
7   who have knowingly 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.*

