
A BILL FOR AN ACT

RELATING TO CAMPAIGN CONTRIBUTIONS.

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

1 SECTION 1. The legislature finds that the State's existing
2 campaign finance law prohibits companies who receive state and
3 county contracts from making campaign contributions. The
4 prohibition against state and county contractors does not extend
5 to any owners, officers, or family members of the contractor,
6 meaning that those individuals can still make contributions to
7 election campaigns.

8 The legislature also finds that there are no campaign
9 contribution prohibitions on organizations that receive grants
10 from the State or counties. These grantees receive public funds
11 appropriated by a legislative body, similar to state or county
12 contractors.

13 Accordingly, the purpose of this Act is to reduce the
14 potential for donations to unduly influence policy-making and to
15 improve actual and perceived standards of conduct by expanding
16 the prohibition against contributions to candidate and
17 noncandidate committees to include contributions from state and



1 county grantees and the officers and immediate family members of
2 a state or county contractor or grantee.

3 SECTION 2. Section 11-355, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "[+]§11-355[+] Contributions [~~by state and county~~
6 ~~contractors~~]; state or county contractors; state or county
7 grantees; officers and immediate family members of state or
8 county contractors or grantees; prohibited. (a) It shall be
9 unlawful for any person who enters into any contract with the
10 State, any of the counties, or any department or agency thereof
11 either for the rendition of personal services, the buying of
12 property, or furnishing of any material, supplies, or equipment
13 to the State, any of the counties, any department or agency
14 thereof, or for selling any land or building to the State, any
15 of the counties, or any department or agency thereof, if payment
16 for the performance of the contract or payment for material,
17 supplies, equipment, land, property, or building is to be made
18 in whole or in part from funds appropriated by the legislative
19 body, at any time between the execution of the contract through
20 the completion of the contract, to:



(1) Directly or indirectly make any contribution, or
promise expressly or impliedly to make any
contribution to any candidate committee or
noncandidate committee, or to any candidate or to any
person for any political purpose or use; or

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

(b) It shall be unlawful for the owners, officers, and any
immediate family member of any state or county contractor under
subsection (a), at any time between the execution of the
contract through the completion of the contract pursuant to
subsection (a), to directly or indirectly make any contribution
to any candidate committee or noncandidate committee.

(c) It shall be unlawful for any person who receives a
grant or subsidy from the State pursuant to chapter 42F, or from
a county pursuant to a county charter or code, at any time
between the execution of the contract through the completion of
the contract for the grant or subsidy to:

(1) Directly or indirectly make any contribution, or
promise expressly or impliedly to make any
contribution to any candidate committee or



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

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

5 (d) It shall be unlawful for the owners, officers, and any
6 immediate family member of a state or county grantee under
7 subsection (c), at any time between the execution of the
8 contract through the completion of the contract for the grant or
9 subsidy pursuant to subsection (c), to directly or indirectly
10 make any contribution to any candidate committee or noncandidate
11 committee.

12 (e) Any candidate, candidate committee, or noncandidate
13 committee receiving a contribution made unlawful by this section
14 shall return the unlawful contribution to the contributor within
15 thirty calendar days of receipt. If any unlawful contribution
16 is not returned to the contributor within thirty calendar days
17 of receipt, the unlawful contribution shall escheat to the
18 Hawaii election campaign fund.

19 (f) At the time of the execution of a contract subject to
20 this section, the state or county contractor or grantee shall
21 provide to the state or county office executing the contract a



list of the names of any owners, officers, and immediate family members of the state or county contractor or grantee. For the purposes of assessing compliance with this section, the state or county office shall make the reported information available electronically to the commission, which shall then make the information available to candidate and noncandidate committees on a password-protected section of the commission's website; provided that the state or county office shall not be required to make the reported information available for procurements of less than \$100,000 for goods or services or \$250,000 for construction.

~~[(b)]~~ (g) Except as provided in ~~[subsection]~~ subsections (a), (b), (c), and (d), this section does not prohibit or make unlawful the establishment or administration of, or the solicitation of contributions to, any noncandidate committee by any person other than the state or county contractor, the state or county grantee, or the owners, officers, and immediate family members of a state or county contractor or grantee, for the purpose of influencing the nomination for election, or the election of any person to office.

~~[(e)]~~ (h) For purposes of this section~~["completion"]~~:



1 "Completion of the contract" means that the parties to the
2 government contract have either terminated the contract prior to
3 completion of performance or fully performed the duties and
4 obligations under the contract, no disputes relating to the
5 performance and payment remain under the contract, and all
6 disputed claims have been adjudicated and are final.

7 "Owner" means a person with at least a five per cent
8 interest in the contractor or grantee."

9 SECTION 3. Section 11-364, Hawaii Revised Statutes, is
10 amended by amending subsection (a) to read as follows:

11 "(a) Any candidate, candidate committee, or noncandidate
12 committee that receives in the aggregate more than the
13 applicable contribution limit in section 11-357, 11-358, 11-359,
14 or 11-360 shall return any excess contribution to the
15 contributor within thirty calendar days of receipt of the excess
16 contribution. Any candidate, candidate committee, or
17 noncandidate committee that receives in the aggregate more than
18 the applicable contribution limit in section 11-362 shall return
19 any excess contribution to the contributor within thirty
20 calendar days of the end of the election period; provided that
21 the candidate, candidate committee, or noncandidate committee



1 may choose which contributions to return. Any excess
2 contribution not returned to the contributor within thirty
3 calendar days shall escheat to the Hawaii election campaign
4 fund."

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

8 SECTION 5. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 6. This Act shall take effect upon its approval.



Report Title:

Campaign Spending Commission Package; State or County Contractors; State or County Grantees; Officers; Immediate Family Members; Prohibited Contributions; Disclosures

Description:

Prohibits state or county grantees, officers and immediate family members of state or county contractors, and officers and immediate family members of state or county grantees, from contributing to candidate committees and noncandidate committees for the duration of the contract. Prohibits state or county grantees from knowingly soliciting any contributions. Requires candidates, candidate committees, and noncandidate committees to return any unlawful contribution to the contributor within thirty calendar days of receipt. Provides that an unlawful contribution shall escheat to the Hawaii Election Campaign Fund if it is not returned to the contributor within thirty calendar days. Requires disclosures of the names of any owners, officers and immediate family members of a state or county contractor or grantee for contracts exceeding a certain amount. (SD1)

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