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# A BILL FOR AN ACT

RELATING TO CAMPAIGN CONTRIBUTIONS.

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

1           SECTION 1. The integrity of the State's government and its  
2           contracting and grant-making processes is fundamental to  
3           maintaining public trust and preventing corruption or the  
4           appearance of corruption. This Act represents a crucial step  
5           towards transparency and accountability in government spending  
6           and the electoral process.

7           Existing campaign finance law prohibits organizations with  
8           state and county contracts from making political contributions,  
9           but this prohibition has proven insufficient to prevent undue  
10          influence. For example, the law permits officers and family  
11          members of government contractors to make substantial campaign  
12          contributions, creating an appearance of pay-to-play politics  
13          and raising concerns of quid pro quo corruption. Similar to  
14          contractors, grantees receive state and county funds and thus  
15          should be treated similarly in the context of political  
16          contributions. Whether as contractors or grantees, the flow of  
17          money from individuals with a direct financial interest in



1 government decisions undermines the public's confidence that  
2 state and county contracts and grants are awarded based on merit  
3 rather than political favor. To combat any undue influence that  
4 arises from these contributions, it is necessary to strengthen  
5 prohibitions on political contributions from those who  
6 financially benefit from government contracts and grants.

7 Accordingly, the purpose of this Act is to address this  
8 defect and:

- 9 (1) Expand the ban on contributions from state and county  
10 contractors to state and county grantees as well as to  
11 the contractors' and grantees' compensated officers  
12 and their immediate family members for contracts and  
13 grants above certain thresholds;
- 14 (2) Require the disclosure of names of any compensated  
15 officers and their immediate family members of a state  
16 or county contractor or grantee for contracts or  
17 grants exceeding a certain threshold;
- 18 (3) Require the campaign spending commission to make  
19 available to candidate and noncandidate committees a  
20 database that is on a password-protected section of  
21 its website compiling the names of state and county



1 contractors and grantees, their compensated officers,  
2 and the officer's immediate family members; and  
3 (4) Appropriate moneys to the campaign spending commission  
4 to establish a password protected filing system, and  
5 to provide updates, training, and administrative  
6 support.

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

9 "[+]§11-355[+] Contributions by state [and] or county  
10 contractors, state or county grantees, compensated officers of  
11 state or county contractors or the officer's immediate family,  
12 and compensated officers of state or county grantees or the  
13 officer's immediate family; disclosures; database; prohibited.

14 (a) It shall be unlawful for any person who enters into any  
15 contract with the State, any of the counties, or any department  
16 or agency thereof either for the rendition of personal services,  
17 the buying of property, or furnishing of any material, supplies,  
18 or equipment to the State, any of the counties, any department  
19 or agency thereof, or for selling any land or building to the  
20 State, any of the counties, or any department or agency thereof,  
21 if payment for the performance of the contract or payment for



1 material, supplies, equipment, land, property, or building is to  
2 be made in whole or in part from funds appropriated by the  
3 legislative body, at any time between the execution of the  
4 contract through the completion of the contract, to:

- 5 (1) Directly or indirectly make any contribution, or  
6 promise expressly or impliedly to make any  
7 contribution to any candidate committee or  
8 noncandidate committee, or to any candidate or to any  
9 person for any political purpose or use; or
- 10 (2) Knowingly solicit any contribution from any person for  
11 any purpose during any period.

12 (b) It shall be unlawful for any compensated officer, or  
13 the officer's immediate family, of any state or county  
14 contractor under subsection (a) that is awarded a state or  
15 county contract exceeding the small purchase threshold pursuant  
16 to section 103D-305, at any time between the execution of the  
17 contract through the completion of the contract pursuant to  
18 subsection (h), to:

- 19 (1) Directly or indirectly make any contribution, or  
20 promise expressly or impliedly to make any  
21 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           (c) It shall be unlawful for any person who receives a  
6 grant or subsidy of \$100,000 or more from the State pursuant to  
7 chapter 42F, or from a county pursuant to a county charter or  
8 code, at any time between the execution of the contract through  
9 the completion of the contract for the grant or subsidy to:

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

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

17          (d) It shall be unlawful for any compensated officer, or  
18 the officer's immediate family, of a state or county grantee  
19 under subsection (c), at any time between the execution of the  
20 contract through the completion of the contract for the grant or  
21 subsidy pursuant to subsection (h), to:



- 1           (1) Directly or indirectly make any contribution, or  
2           promise expressly or impliedly to make any  
3           contribution to any candidate committee or  
4           noncandidate committee, or to any candidate or to any  
5           person for any political purpose or use; or
- 6           (2) Knowingly solicit any contribution from any person for  
7           any purpose during any period.
- 8           (e) Any candidate, candidate committee, or noncandidate  
9           committee that receives a contribution made unlawful by this  
10           section shall return the unlawful contribution to the  
11           contributor within thirty calendar days of receipt. If any  
12           unlawful contribution is not returned to the contributor within  
13           thirty calendar days of receipt, the unlawful contribution shall  
14           escheat to the Hawaii election campaign fund.
- 15           ~~[(b)]~~ (f) Except as provided in [subsection] subsections  
16           (a), (b), (c), and (d), this section [does] shall not prohibit  
17           or make unlawful the establishment or administration of, or the  
18           solicitation of contributions to, any noncandidate committee by  
19           any person other than the state or county contractor, the state  
20           or county grantee, the compensated officers of the state or  
21           county grantee, or the officer's immediate family of a state or



1 county contractor or grantee, for the purpose of influencing the  
2 nomination for election, or the election of any person to  
3 office.

4 (g) At the time of execution of a contract or grant  
5 subject to this section that meets the applicable thresholds  
6 described in subsections (b) or (c), a state or county  
7 contractor or grantee shall disclose to the commission a list of  
8 the names of any compensated officers and the officer's  
9 immediate family. The commission shall make the disclosed  
10 information available to candidate and noncandidate committees  
11 in a database that is on a password-protected section of the  
12 commission's website; provided that the name of the contractor  
13 or grantee and any officers may also be made available to the  
14 public.

15 ~~[(e)]~~ (h) For purposes of this section~~["completion"]~~:  
16 "Completion of the contract" means that the parties to the  
17 government contract have either terminated the contract ~~[prior~~  
18 ~~to]~~ before completion of performance or fully performed the  
19 duties and obligations under the contract, no disputes relating  
20 to the performance and payment remain under the contract, and  
21 all disputed claims have been adjudicated and are final.



1 "Officer" means an individual who is:

2 (1) The owner of a sole proprietorship;

3 (2) A general partner of a general partnership, limited or  
4 limited liability partnership;

5 (3) A manager or co-manager of a limited liability  
6 company; or

7 (4) An officer of a corporation or any of the entities  
8 described in this section.

9 "Officer's immediate family" means a spouse or reciprocal  
10 beneficiary, as defined in section 572C-3, and any child, any  
11 dependent, and the spouse or reciprocal beneficiary of the  
12 dependent."

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

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



1 the applicable contribution limit in section 11-362 shall return  
 2 any excess contribution to the contributor within thirty  
 3 calendar days of the end of the election period; provided that  
 4 the candidate, candidate committee, or noncandidate committee  
 5 may choose which contributions to return. Any excess  
 6 contribution not returned to the contributor within thirty  
 7 calendar days shall escheat to the Hawaii election campaign  
 8 fund."

9 SECTION 4. There is appropriated out of the general  
 10 revenues of the State of Hawaii the sum of \$ or so much  
 11 thereof as may be necessary for fiscal year 2026-2027 for the  
 12 campaign spending commission to establish a password protected  
 13 filing system, and to provide updates, training, and  
 14 administrative support.

15 The sum appropriated shall be expended by the campaign  
 16 spending commission for the purposes of this Act.

17 SECTION 5. This Act does not affect rights and duties that  
 18 matured, penalties that were incurred, and proceedings that were  
 19 begun before its effective date.

20 SECTION 6. Statutory material to be repealed is bracketed  
 21 and stricken. New statutory material is underscored.



1 SECTION 7. This Act shall take effect on July 1, 2050;  
2 provided that this Act shall only apply to contracts or grants  
3 executed on or after the effective date of this Act.



**Report Title:**

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

**Description:**

Prohibits state or county contractor's compensated officers and any officer's immediate family, with contracts exceeding the small purchase threshold pursuant to section 103D-305, Hawaii Revised Statutes, from contributing to candidate or noncandidate committees, candidates, or any person for any political purpose for the duration of the contract. Prohibits grantees, grantees' compensated officers and grantees' officer's immediate family, with grants of more than \$100,000, from contributing to candidate or noncandidate committees, candidates, or any person for any political purpose for the duration of the grant. Requires any unlawful contribution to be returned to the contributor or it will escheat to the Hawaii election campaign fund. Requires the disclosure of names of any compensated officers and immediate family members of a state or county contractor or grantee for contracts or grants exceeding a certain amount. Requires the Campaign Spending Commission to make available to candidate and noncandidate committees the disclosed names in a password-protected database. Appropriates moneys. Effective 7/1/2050. (SD2)

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

