

JAN 23 2026

A BILL FOR AN ACT

RELATING TO ETHICS.

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

1 SECTION 1. Chapter 84, Hawaii Revised Statutes, is amended
2 by adding a new part to be appropriately designated and to read
3 as follows:

4 **"PART . PLACEMENT OF CERTAIN ASSETS OF OFFICIALS OF THE**
5 **LEGISLATURE, SPOUSES, AND DEPENDENT CHILDREN IN BLIND TRUSTS**

6 **S84-A Definitions.** As used in this part:

7 "Blind trust" means a trust agreement where neither the
8 trustor nor the beneficiaries have any control or influence
9 over, or knowledge of, the assets in the trust, and which
10 complies with the definition of "qualified blind trust" in the
11 Ethics in Government Act of 1978, 5 U.S.C. App 4 101 et seq., as
12 amended.

13 "Commission" means the state ethics commission.

14 "Commodity" has the same meaning as defined in section
15 127A-30.

16 "Covered investment" means:



1 (1) An investment in a security, a commodity, or a future;
2 and
3 (2) Any economic interest comparable to an interest
4 described in paragraph (1) that is acquired through
5 synthetic means, including the use of a derivative
6 which includes an option, warrant, or other similar
7 means.

8 "Covered investment" includes an investment or economic
9 interest described in paragraphs (1) and (2) that is held
10 directly or in which an individual has an indirect, beneficial,
11 or economic interest through an investment fund; trust that is
12 not a blind trust; employee benefit plan; or a deferred
13 compensation plan, including a carried interest or other
14 agreement tied to the performance of an investment, other than a
15 fixed cash payment.

16 "Covered investment" does not include a diversified mutual
17 fund, including any holdings of a diversified mutual fund; a
18 diversified exchange-traded fund, including any holdings of a
19 diversified exchange-traded fund; a United States Treasury bill,
20 note, or bond; compensation from the primary occupation of a
21 spouse or dependent child of an official of the legislature; or



1 any investment fund held in a federal, state, or county
2 government employee retirement plan.

3 "Current" means an official who is in service before
4 July 1, 2026.

5 "Dependent child" means a person who is younger than the
6 age of nineteen and is a dependent, pursuant to section 152 of
7 the Internal Revenue Code of 1986, as amended, of the official
8 of the legislature.

9 "Diversified" means a fund, trust, or plan that does not
10 have a stated policy of concentrating its investments in any
11 industry, business, single country other than the United Staes,
12 or bonds of a single state.

13 "Future" means:

14 (1) A contract of sale for future delivery of a single
15 security or of a narrow-based security index,
16 including any interest therein or based on the value
17 of thereof; and
18 (2) Any other contract for the sale of a commodity for
19 future delivery.



1 "Future" does not include any agreement, contract, or
2 transaction excluded from 7 U.S.C. 1 et seq. sections 2(c),
3 2(d), 2(f), or 2(g).

4 "Initial property" means an asset or financial interest
5 transferred to a blind trust by, or on behalf of, an interested
6 party or a relative of an interested party, regardless of
7 whether the asset or financial interest is transferred to the
8 blind trust on or after the date of establishment of the blind
9 trust.

10 "Interested party" means a reporting individual, the
11 individual's spouse, and any minor dependent child.

12 "New" means a person who is not a current official but
13 begins service as an official after July 1, 2026.

14 "Official" means the governor, lieutenant governor,
15 officials of the legislature, and directors of the state
16 departments and their deputies, regardless of the titles by
17 which the foregoing persons are designated; provided that with
18 respect to the department of the attorney general, the foregoing
19 shall apply only to the attorney general and the first deputy
20 attorney general.



1 "Security" means any note; stock; treasury stock; security
2 future; security-based swap, bond, debenture, certificate of
3 interest or participation in any profit-sharing agreement or in
4 any oil, gas, or other mineral royalty or lease; any collateral-
5 trust certificate; preorganization certificate or subscription;
6 transferable share; investment contract; voting-trust
7 certificate; certificate of deposit for a security; any put,
8 call, straddle, option or privilege on any security, certificate
9 of deposit, or group or index of securities, including any
10 interest therein or based on the value thereof; any put, call,
11 straddle, option, or privilege entered into a national
12 securities exchange relating to foreign currency, or in general,
13 any instrument commonly known as a security; or any certificate
14 of interest or participation in, temporary or interim
15 certificate for, receipt for, or warrant or right to subscribe
16 to or purchase, any of the foregoing. "Security" does not
17 include currency or any note, draft, bill of exchange, or
18 banker's acceptance that has a maturity at the time of issuance
19 not more than nine months, exclusive of days of grace, or any
20 renewal thereof the maturity of which is likewise limited.



1 **§84-B Placement of certain assets in blind trusts;**
2 **required; current officials; extensions.** (a) Beginning
3 August 1, 2026, each current official shall submit to the
4 commission a certification that:
5 (1) The official or spouse or dependent child of the
6 official shall:
7 (A) Divest each covered investment owned by the
8 official or any spouse or dependent child of the
9 official; or
10 (B) Place each covered investment owned by the
11 official or any spouse or dependent child of the
12 official in a blind trust, including by the
13 establishment of a blind trust if necessary; and
14 (2) Neither the official nor any spouse or dependent child
15 of the official owns a covered investment;
16 provided that an investment that achieves compliance with
17 applicable environmental, social, and governance criteria shall
18 not be considered to be a covered investment solely because of
19 that compliance.
20 (b) Beginning October 1, 2026, each current official shall
21 divest or place in a blind trust each covered investment owned



1 by the official or a spouse or dependent child of the official;
2 provided that the official or spouse or dependent child of the
3 official shall only be required to divest a covered investment
4 if:

5 (1) The official or spouse or dependent child of the
6 official is unable to place the covered investment in
7 a blind trust before July 1, 2027; and
8 (2) The official or spouse or dependent child of the
9 official fails to obtain an extension pursuant to
10 subsection (c).

11 (c) If a current official or spouse or dependent child of
12 the official is unable to place a covered investment in a blind
13 trust before October 1, 2026, the official or spouse or
14 dependent child of the official may request an extension from
15 the commission. The commission may grant one or more extensions
16 to the official or spouse or dependent child of the official;
17 provided that:

18 (1) The total period of time covered by all extensions
19 granted to the official for the covered investment
20 shall not exceed one hundred eighty days; and



3 §84-C New officials; covered interests; placement in blind
4 trust; required; extensions.

10 (A) Divest each covered investment owned by the
11 official or any spouse or dependent child of the
12 official; or

13 (B) Place each covered investment owned by the
14 official or any spouse or dependent child of the
15 official in a blind trust, including by the
16 establishment of a blind trust if necessary; and

17 (2) Neither the official nor any spouse or dependent child
18 of the official owns a covered investment.

19 (b) A new official shall divest or place in a blind trust
20 each covered investment owned by the official or a spouse or
21 dependent child of the official within one hundred twenty days



1 of the date that the person becomes an official; provided that
2 the current official or spouse or dependent child of the
3 official shall only be required to divest a covered investment
4 if:

5 (1) The official or spouse or dependent child of the
6 official is unable to place the covered investment in
7 a blind trust within the period described in
8 subsection (b); and

9 (2) The official or spouse or dependent child of the
10 official fails to obtain an extension pursuant to
11 subsection (c).

12 (c) If a new official or spouse or dependent child of the
13 official who is unable to place a covered investment in a blind
14 trust within the period described in subsection (b), the
15 official or spouse or dependent child of the official may
16 request an extension from the commission. The commission may
17 grant one or more extensions to the official or spouse or
18 dependent child of the official; provided that:

19 (1) The total period of time covered by all extensions
20 granted to the official for the covered investment
21 shall not exceed one hundred eighty days; and



§84-D Acquisitions of covered interests during service;

4 **prohibited.** No official or any spouse or dependent child of the
5 official shall acquire a covered investment during the
6 official's term in office.

S84-E Inheritance of covered interest; placement in blind

8 **trust; required; extensions.** (a) An official or any spouse or
9 dependent child of the official who inherits a covered
10 investment shall divest or place the covered investment in a
11 blind trust within one hundred twenty days from the date that
12 the covered investment is inherited.

13 (b) If an official or a spouse or dependent child of the
14 official is unable to place a covered investment in a blind
15 trust within the period described in subsection (a), the
16 official may request an extension from the commission. The
17 commission may grant one or more extensions to an official;
18 provided that:

19 (1) The total period of time covered by all extensions
20 granted to the official for the covered investment
21 shall not exceed one hundred eighty days; and



§84-F Mingling of assets. Any spouse or dependent child of an official may place a covered investment in a blind trust established by the official.

6 **§84-G Separation from service; cooling-off period;**
7 **required.** During the period beginning on the date on which a
8 person becomes an official and ending on the date that is one
9 hundred eighty days after the date on which the person ceases to
10 serve as an official the official, and any spouse or dependent
11 child of the official shall not:

12 (1) Dissolve any blind trust in which a covered investment
13 has been placed pursuant to sections 84-B, 84-C, 84-E,
14 and 84-F.

15 (2) Except as provided in this part, control a covered
16 investment.

17 **§84-H Public reports; transparency.** The commission shall
18 make available to the public on its website:

19 (1) A copy of:

20 (A) Each certification submitted to the ethics
21 commission under sections 84-B(a) or 84-C(a)



§84-I Blind trusts; trustees; officials; requirements.

12 (a) Each trustee of a blind trust established by an official
13 shall submit to the official and the commission a written notice
14 when the trustee:
15 (1) Learns that:
16 (A) An interested party has obtained knowledge of any
17 trust property other than the initial property of
18 the blind trust; or
19 (B) The value of the initial property of the blind
20 trust is less than \$; or
21 (2) Divests any initial property of the blind trust.



1 (b) Each official who is a beneficiary of a blind trust
2 shall submit to the commission:

3 (1) A copy of the executed blind trust agreement no later
4 than thirty days from the date of the execution;

5 (2) A list of each asset and each financial interest
6 transferred to the blind trust by an interested party
7 no later than thirty days from the date of the
8 transfer;

9 (3) A copy of each notice submitted to the official under
10 subsection (a) no later than thirty days from the date
11 of its receipt;

12 (4) A written notice that an interested party has obtained
13 knowledge of any holding of the blind trust no later
14 than thirty days from the date on which the official
15 discovered that the knowledge had been obtained; and

16 (5) A written notice of dissolution of the blind trust no
17 later than thirty days from the date of its
18 dissolution.

19 **§84-J Enforcement; penalties.** (a) The commission shall
20 provide written notice, including for the potential of civil
21 penalties under subsection (b), to an official who fails to:



S.B. NO. 2778

11 **§84-K Rules.** The commission shall adopt rules pursuant to
12 chapter 91 to carry out the purposes of this part."

13 SECTION 2. In codifying the new sections added by
14 section 1 of this Act, the revisor of statutes shall substitute
15 appropriate section numbers for the letters used in designating
16 the new sections in this Act.

17 SECTION 3. This Act shall take effect on July 1, 2026.

18

INTRODUCED BY:

201



S.B. NO. 2778

Report Title:

State Ethics Commission; Governor; Lieutenant Governor; Hawaii State Legislature; Executive Agencies; Securities; Trading; Acquisition; Ownership; Prohibited; Penalties; Fines

Description:

Requires a Governor, Lieutenant Governor, member of the Legislature, department heads and their deputies, and any spouse or dependent child of a Governor, Lieutenant Governor, member of the Legislature, or department head and their deputies to place certain financial interests in a blind trust. Prohibits a Governor, Lieutenant Governor, member of the Legislature, department head and their deputies, and any spouse or dependent child of a Governor, Lieutenant Governor, member of the Legislature, or department head and their deputies from acquiring certain financial interests during their term of service.

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

