

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 **§84-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



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

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

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

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

"Future" means:

(1) A contract of sale for future delivery of a single security or of a narrow-based security index, including any interest therein or based on the value of thereof; and

(2) Any other contract for the sale of a commodity for future delivery.



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

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

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

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

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



(2) The period covered by a single extension shall not exceed forty-five days.

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

(a) A new official shall submit to the commission within thirty days of the date that the person becomes an official of the legislature a certification that:

(1) The new official or any spouse or dependent child of the official shall:

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

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

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

(b) A new official shall divest or place in a blind trust each covered investment owned by the official or a spouse or 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



(2) The period covered by a single extension shall not exceed forty-five days.

§84-D Acquisitions of covered interests during service; prohibited. No official or any spouse or dependent child of the official shall acquire a covered investment during the official's term in office.

§84-E Inheritance of covered interest; placement in blind trust; required; extensions. (a) An official or any spouse or dependent child of the official who inherits a covered investment shall divest or place the covered investment in a blind trust within one hundred twenty days from the date that the covered investment is inherited.

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

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



(2) The period covered by a single extension shall not exceed forty-five days.

§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.

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

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

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

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

(1) A copy of:

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



(B) Each blind trust agreement of each official;

(C) Each notice and other documentation submitted to the commission under sections 84-I and 84-J; and

(D) Each notice, rule, and other documentation issued by the commission under sections 84-I and 84-J;

(2) A schedule of all assets placed in a blind trust by each official and interested party; and

(3) A description of each extension granted and each penalty imposed by the commission pursuant to this part.

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

(a) Each trustee of a blind trust established by an official shall submit to the official and the commission a written notice when the trustee:

(1) Learns that:

(A) An interested party has obtained knowledge of any trust property other than the initial property of the blind trust; or

(B) The value of the initial property of the blind trust is less than \$; or

(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:



(1) Submit a certification to the commission pursuant to sections 84-B(a) and 84-C(a) by the required deadline; or

(2) Place one or more covered interest owned by the official or any spouse or dependent child of the official in a blind trust by the required deadline.

(b) The commission shall impose a fine of \$ on the official to whom a notice is provided under subsection (a) every thirty days from the date that the commission provided the notice.

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

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

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

INTRODUCED BY:

[Signature]



S.B. NO. 2178

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.

