

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

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

13 "Covered investment" does not include a diversified mutual fund,
14 including any holdings of a diversified mutual fund; a
15 diversified exchange-traded fund, including any holdings of a
16 diversified exchange-traded fund; a United States Treasury bill,
17 note, or bond; compensation from the primary occupation of a
18 spouse or dependent child of an official of the legislature; or
19 any investment fund held in a federal, state, or county
20 government employee retirement plan.



1 "Current official" means an official who is in service as
2 of June 30, 2026.

3 "Dependent child" means a person who is younger than the
4 age of nineteen and is a dependent, as defined in section 152 of
5 the Internal Revenue Code of 1986, as amended, of an official of
6 the legislature.

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

11 "Future" means:

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

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

18 "Future" does not include any agreement, contract, or
19 transaction excluded from title 7 United States Code section
20 2(c), (d), (f), or (g).



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

7 "Interested party" means a reporting individual or the
8 spouse or minor dependent child of the reporting individual.

9 "New official" means a person who begins service as an
10 official on or after July 1, 2026.

11 "Official" means the governor, lieutenant governor,
12 officials of the legislature, and directors of the state
13 departments and their deputies, regardless of the titles by
14 which the foregoing persons are designated; provided that for
15 the department of the attorney general, "official" means the
16 attorney general and the first deputy attorney general.

17 "Security" means any note; stock; treasury stock; security
18 future; security-based swap; bond; debenture; certificate of
19 interest or participation in any profit-sharing agreement or in
20 any oil, gas, or other mineral royalty or lease; collateral-
21 trust certificate; preorganization certificate or subscription;



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

16 **§84-B Placement of certain assets in blind trusts;**
17 **required; current officials; extensions.** (a) Beginning
18 August 1, 2026, each current official shall submit to the
19 commission a certification that:

20 (1) Neither the official nor any spouse or dependent child
21 of the official owns a covered investment; or



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(2) If the official or spouse or dependent child of the official owns a covered investment, the owner of the covered investment 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

provided that an investment that achieves compliance with applicable environmental, social, and governance criteria shall not be considered to be a covered investment solely because of that compliance.

(b) Beginning October 1, 2026, each current official shall divest or place in a blind trust, or cause to be divested or placed in a blind trust, each covered investment owned by the official or a spouse or dependent child of the official; provided that the official or spouse or dependent child of the



1 official shall be required to divest a covered investment only
2 if:

3 (1) The official or spouse or dependent child of the
4 official is unable to place the covered investment in
5 a blind trust before July 1, 2027; and

6 (2) The official or spouse or dependent child of the
7 official fails to obtain an extension pursuant to
8 subsection (c).

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

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

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



1 **§84-C New officials; covered interests; placement in blind**
2 **trust; required; extensions.**

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

6 (1) Neither the official nor any spouse or dependent child
7 of the official owns a covered investment; or

8 (2) If the new official or any spouse or dependent child
9 of the official owns a covered investment, the owner
10 of the covered investment shall:

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

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

18 (b) A new official shall divest or place in a blind trust,
19 or cause to be divested or placed in a blind trust, each covered
20 investment owned by the official or a spouse or dependent child
21 of the official within one hundred twenty days of the date that



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

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

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



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

3 **§84-D Acquisitions of covered interests during service;**
4 **prohibited.** No official or any spouse or dependent child of an
5 official shall acquire a covered investment during the
6 official's term in office.

7 **§84-E Inheritance of covered interest; placement in blind**
8 **trust; required; extensions.** (a) An official or any spouse or
9 dependent child of an official who inherits a covered investment
10 shall divest or place the covered investment in a blind trust
11 within one hundred twenty days from the date that the covered
12 investment is inherited.

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

20 (1) The total period of time covered by all extensions
21 granted to the official or spouse or dependent child



1 of the official for the covered investment shall not
2 exceed one hundred eighty days; and

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

5 **§84-F Mingling of assets; blind trust.** Any spouse or
6 dependent child of an official may place a covered investment in
7 a blind trust established by the official.

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

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

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

19 **§84-H Public reports; transparency.** The commission shall
20 make available to the public on its website:

21 (1) A copy of:



- 1 (A) Each certification submitted to the commission
- 2 under section 84-B(a) or 84-C(a);
- 3 (B) Each blind trust agreement of each official;
- 4 (C) Each notice and other documentation received by
- 5 the commission under section 84-I; and .
- 6 (D) Each notice, rule, and other documentation issued
- 7 or adopted by the commission under sections 84-J
- 8 and 84-K;
- 9 (2) A schedule of all assets placed in a blind trust by
- 10 each official and interested party; and
- 11 (3) A description of each extension granted and each
- 12 penalty imposed by the commission pursuant to this
- 13 part.

14 **§84-I Blind trusts; trustees; officials; requirements.**

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

18 (1) Learns that:

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



- 1 (B) The value of the initial property of the blind
2 trust is less than \$; or
- 3 (2) Divests any initial property of the blind trust.
- 4 (b) Each official who is a beneficiary of a blind trust
5 shall submit to the commission:
- 6 (1) A copy of the executed blind trust agreement no later
7 than thirty days from the date of the execution;
- 8 (2) A list of each asset and each financial interest
9 transferred to the blind trust by an interested party
10 no later than thirty days from the date of the
11 transfer;
- 12 (3) A copy of each notice received by the official under
13 subsection (a) no later than thirty days from the date
14 of its receipt;
- 15 (4) A written notice that an interested party has obtained
16 knowledge of any holding of the blind trust no later
17 than thirty days from the date on which the official
18 discovered that the knowledge had been obtained; and
- 19 (5) A written notice of dissolution of the blind trust no
20 later than thirty days from the date of its
21 dissolution.



1 **§84-J Enforcement; penalties.** (a) The commission shall
2 provide written notice, including for the potential imposition
3 of civil penalties under subsection (b), to an official who
4 fails to:

5 (1) Submit a certification to the commission pursuant to
6 section 84-B(a) or 84-C(a) by the required deadline;

7 or

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

11 (b) The commission shall impose a fine of \$ on
12 the official to whom a notice is provided under subsection (a)
13 for each thirty-day period that the official fails to cure the
14 failure, beginning on the date that the commission provides the
15 notice.

16 **§84-K Rules.** The commission shall adopt rules pursuant to
17 chapter 91 to carry out the purposes of this part."

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



1 SECTION 3. This Act shall take effect on January 1, 2077.



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. Effective 1/1/2077. (SD1)

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