

STAND. COM. REP. NO. 1503

Honolulu, Hawaii

APR 03 2023

RE: H.B. No. 717
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred H.B. No. 717, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO NEPOTISM,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Beginning 7/1/2023, prohibit under certain circumstances state employees from hiring or promoting relatives and household members and from making or participating in certain other employment-related decisions and from awarding a contract to or otherwise taking official action on a contract with a business if the employee's relative or household member is an executive officer of or holds a substantial ownership interest in that business; and
- (2) Impose administrative fines for violations.

Your Committee received testimony in support of this measure from the Department of the Human Resources Development, Hawai'i State Ethics Commission, Commission to Improve Standards of Conduct, and three individuals.



Your Committee finds that this measure addresses the lack of laws prohibiting nepotism in state government hiring practices. Nepotism causes the appearance of favoritism and preferential treatment that erodes public confidence in government. This measure will create a bright-line prohibition on nepotism that makes it clear that taking employment action affecting a relative is prohibited and will promote faith in state government because the public and other state employees will no longer suspect that specific promotions or employment actions were taken to benefit a relative.

Your Committee has amended this measure by:

- (1) Inserting an effective date of March 22, 2075, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes that it is concerned about household members or relatives who currently hold positions due to hiring actions that would be prohibited by this measure. Your Committee finds that this issue raises concerns that merit further consideration and requests further examination as this measure moves forward in the legislation process to address the issue of household members or relatives who were hired before this measure's prohibitions would take effect.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 717, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 717, H.D. 1, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,



KARL RHOADS, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:*	Committee Referral:	Date:
HB 717 HD1	LBT, JDC	3/24/23

The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
RHOADS, Karl (C)	✓			
GABBARD, Mike (VC)	✓			
ELEFANTE, Brandon J.C.	✓			
SAN BUENAVENTURA, Joy A.	✓			
AWA, Brenton	✓			
TOTAL	5	—	—	—

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:


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*Only one measure per Record of Votes