SB 2609
SD-1
RELATING TO
FINANCIAL
DISCLOSURE
STATEMENTS
A BILL FOR AN ACT

RELATING TO FINANCIAL DISCLOSURE STATEMENTS.

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

SECTION 1. Section 84-17, Hawaii Revised Statutes, is amended by amending subsection (d) to read as follows:

"(d) The financial disclosure statements of the following persons shall be public records and available for inspection and duplication[+]; provided that all amounts reported pursuant to subsection (f) by non-paid volunteer members of state boards, commissions, and agencies listed under paragraph (8) shall be redacted:

(1) The governor, the lieutenant governor, the members of the legislature, candidates for and delegates to the constitutional convention, the trustees of the office of Hawaiian affairs, and candidates for state elective offices;

(2) The 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;

(3) The administrative director of the State;

(4) The president, the vice presidents, the assistant vice
presidents, the chancellors, members of the board of
regents, and the provosts of the University of Hawaii;

(5) The members of the board of education and the
superintendent, the deputy superintendent, the state
librarian, and the deputy state librarian of the
department of education;

(6) The administrative director and the deputy director of
the courts;

(7) The administrator and the assistant administrator of
the office of Hawaiian affairs; and

(8) The members of the following state boards,
commissions, and agencies:

(A) The board of directors of the agribusiness
development corporation established under section
163D-3;

(B) The board of agriculture established under
section 26-16;
The state ethics commission established under section 84-21;

The Hawaii community development authority established under section 206E-3;

The Hawaiian homes commission established under the Hawaiian Homes Commission Act of 1920, as amended, and section 26-17;

The board of directors of the Hawaii housing finance and development corporation established under section 201H-3;

The board of land and natural resources established under section 171-4;

The state land use commission established under section 205-1;

The legacy land conservation commission established under section 173A-2.4;

The natural area reserves system commission established under section 195-6;

The board of directors of the natural energy laboratory of Hawaii authority established under section 227D-2;
The board of directors of the Hawaii public housing authority established under section 356D-3;

The public utilities commission established under section 269-2; and

The commission on water resource management established under section 174C-7."

SECTION 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 3. This Act shall take effect on July 1, 2035.
Report Title:
Financial Disclosure Statements; Public Records; Inspection and Duplication; Redaction

Description:
Requires certain information on the financial disclosure statements deemed to be public records for non-paid volunteer members of state boards to be redacted. Effective 7/1/2035. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.
Statement of
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the
HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
March 15, 2018 at 9:00 a.m.
State Capitol, Room 309

In consideration of
S.B. 2609, S.D. 1
RELATING TO FINANCIAL DISCLOSURE STATEMENTS.

The HHFDC supports S.B. 2609, S.D. 1, which provides that financial disclosure statements redact amounts reported by non-paid volunteer members of certain public boards, including the Board of Directors of the HHFDC. The public disclosure requirement is a barrier to attracting and keeping qualified nominees for HHFDC Board positions.

Thank you for the opportunity to provide written comments on this bill.
Dear Chair Johanson and Committee Members:

The Hawaii State Ethics Commission (“Commission”) opposes S.B. 2609 SD1, which would make confidential certain financial information filed by members of high-profile boards and commissions.

The Commission supports legislation that promotes openness and transparency in government, and respectfully submits that this bill moves in the wrong direction. For members of very high-profile boards and commissions, such as the Board of Land and Natural Resources, the Hawaii Community Development Authority, and the Ethics Commission, the public would still be allowed to see that an individual held a financial interest in a particular entity but would have no way of knowing whether the interest was $5,000 or $5,000,000. The Commission is concerned that this will weaken public confidence in the actions of these individuals and their respective boards and commissions, which is contrary to the purpose of the state ethics laws.

The Commission recognizes the importance of recruiting and maintaining highly qualified board and commission members (and that some would-be members claim to be deterred by the financial disclosure requirement). On balance, however, the Commission believes that individuals serving on high-profile boards and commissions ought to file financial disclosure statements that are fully available to the public.

The Commission is, of course, able to administer the financial disclosure law as directed by the Legislature; however, the Commission notes that it has just launched its new electronic filing system for financial disclosures, and would have to re-program the system to account for the changes proposed by this bill. Our rough estimate is that this type of re-programming, using our existing outside vendor, would cost approximately $6,000.

Additionally, if the Committee is inclined to approve this measure, the Commission respectfully requests that the effective date give the Commission sufficient time to implement these changes to its electronic filing system.
Thank you for your continuing support of the Commission’s work and for considering the Commission’s testimony on S.B. 2609 SD1.

Very truly yours,

Daniel Gluck
Executive Director and General Counsel
Dear Chair Johanson, Vice Chair Holt, and members of the committee:

**Common Cause Hawaii opposes SB2609 SD1** which would require the redaction of all amounts reported by non-paid volunteer members of specified state boards, commissions, and agencies.

Article XIV of our constitution requires all board and commission members who wield “significant discretionary or fiscal powers” to file financial disclosure statements to promote transparency and accountability.¹ It does not matter whether these board and commission members are non-paid volunteers, they still wield “significant discretionary or fiscal powers”, and redaction would render these public disclosures meaningless. The public is entitled to, and deserves full access to this information.

Common Cause Hawaii urges you to **defer SB2609 SD1**.

Thank you for the opportunity to offer testimony **opposing SB2609 SD1**.

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Chair Johanson and Committee Members:

**The League of Women Voters opposes SB 2609, SD 1.** This bill requires redaction of financial disclosures in public financial disclosure statements filed by uncompensated members of certain state boards.

Public financial disclosure statements are required - - and appropriate - - for members of state boards which can authorize private use of public property or spend public funds for private benefit. Obviously it is pointless to publicly disclose financial disclosure statements if the financial disclosures are redacted.

Thank you for the opportunity to submit testimony.
The Honorable Brian Taniguchi, chair
and members of the Committee on Judiciary
The Senate
State Capitol
Honolulu, Hawaii

Dear Senator Taniguchi and members of the Committee:

Subject: SB 2609 (relating to financial disclosure statements)

I encourage your support of SB 2609 which would redact the amounts reported by unpaid volunteer members of enumerated state boards and commissions on their financial disclosure statements before the statements are made public.

The requirement for public disclosure of this information four years ago prompted the resignation of four of the 15 members of the board of regents of the University of Hawaii and has, I believed, deterred a number of prospective board members from applying for the position.

Redaction of amounts should increase the size and quality of the pool of candidates for state boards and commissions, to the benefit of the people of Hawaii.

Although I am a member of the board of regents, this testimony is submitted only on behalf of myself. The board as a body has not had the opportunity to review the SB 2609 and to discuss whether to take a position on it.

Mahalo for your consideration.
March 15, 2018

Rep. Aaron Ling Johanson
House Committee on Labor & Public Employment
State Capitol
Honolulu, HI 96813

Re: Senate Bill 2609, SD1

Chairman Johanson and Committee Members:

We ask you to kill this bill.

The value of interests members of these important and powerful boards hold is important to the public. Is it one share or 1,000 shares of a company? Is it 1/100th of a property or sole ownership of the land? It makes a big difference.

This bill moves away from transparency and could only frustrate public confidence in the actions of powerful boards and commissions.

Please do not allow the value of these interests to be hidden from the public.

Thank you,

Stirling Morita
President, Hawaii Chapter of the Society of Professional Journalists