



EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

July 8, 2014

**GOV. MSG. NO. 1340**

The Honorable Donna Mercado Kim,  
President and Members  
of the Senate  
Twenty-Seventh State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki,  
Speaker and Members of  
the House of Representatives  
Twenty-Seventh State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

Re: SB2682 SD1 HD2 CD1

SB2682 SD1 HD2 CD1, entitled "A BILL FOR AN ACT RELATING TO FINANCIAL DISCLOSURE STATEMENTS" will become law without my signature, pursuant to Section 16 of Article III of the State Constitution.

The purpose of this bill is to amend section 84-17, Hawaii Revised Statutes, to make the financial disclosure statements of members of fourteen specifically identified boards and commissions available for public inspection and copying. In addition, this bill limits the source of income information for the spouse and children of those individuals whose financial disclosure statements are public to the name of the income source.

Like Governors Cayetano and Lingle, who vetoed substantially similar measures, I find this bill will adversely affect the State's ability to attract the most qualified individuals from serving on boards and commissions. Service on nearly all of the additional boards and commissions identified in this bill is voluntary and uncompensated. Public disclosure of confidential financial information will make it difficult to convince knowledgeable and competent individuals to serve on these boards and commissions.

Members of boards and commissions are currently required to file annual financial disclosure statements with the Ethics Commission that are not subject to public disclosure. This filing requirement balances the public interest with the right of a board or commission member to keep confidential his or her business and financial information.

Safeguards are currently in place to help ensure ethical behavior on the part of board and commission members. They are subject to confirmation by the State Senate and during the confirmation process, the Senate has the opportunity to make certain that the individuals who are confirmed will abide by the highest ethical standards.

Subsequently, after confirmation by the State Senate, boards and commissions are subject to the Sunshine Law, which requires that the public is given reasonable notice of their meetings and that meetings are open to the public. Thus, members of the public have an opportunity to raise conflict of interest concerns they may have and they may also file a complaint with the State Ethics Commission.

Additionally, this bill, as written, would take effect upon approval and thereby apply to current members of boards and commissions. Subjecting current members of boards and commissions to the public disclosure of their private business and financial information now, after they agreed to serve and were confirmed by the Senate, or alternatively, causing them to resign if they do not agree to the required public disclosure, is unfair.


When it comes to the role of volunteer participation in the policy and decision-making process of governing in a democracy, the power of government to intrude in people's lives becomes far more than a technical issue. It goes beyond labels of left and right. The whole rationale of democratic governance, after all, is to ensure the protection of individual rights, particularly in matters of personal information and dignity.

Having a participatory role in government as a volunteer, calling on one's experience and background in the service of the public interest, should not be a gauntlet to be run. In this digital age, there needs to be a sensitivity to what data can be collected and sifted through internet scavenging about private citizens in a volunteer role. Potential volunteers may well ask what will I or my family suffer from those who have a political agenda that is uninterested in my qualifications or motivations but seek to advance their cause without limit to their demand for information.

There are tough issues to be considered in this bill with competing values: Legitimate inquiry into possible conflicts regarding the public interest versus legitimate concerns about personal information on family, finances, credit history and medical records becoming cannon fodder in political battles.

It seems reasonable in these circumstances then, to allow this bill to become law with the object of reviewing the disclosure documents to determine what information serves the public interest, what limitations are relevant and most importantly, what constitutes conflict. The issue then is not about disclosure, but to what end and by what means.

For the foregoing reasons, SB2682 SD1 HD2 CD1 will become law as ACT 230, Session Laws of Hawaii 2014, effective July 8, 2014, without my signature.

Sincerely,  
  
NEIL ABERCROMBIE  
Governor, State of Hawaii

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# A BILL FOR AN ACT

RELATING TO FINANCIAL DISCLOSURE STATEMENTS.

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

1 SECTION 1. State board and commission members are required  
2 to file annual disclosure statements with the state ethics  
3 commission. These records are generally kept confidential.  
4 Unfortunately, due to limited resources, the state ethics  
5 commission does not have the ability to search these records for  
6 potential conflicts of interest. The legislature finds that the  
7 public is in the best position to identify conflicts of  
8 interest.

9 The purpose of this Act is to require that the financial  
10 disclosure statements of members of certain statutorily  
11 established boards and commissions are made available for public  
12 inspection and duplication.

13 SECTION 2. Section 84-17, Hawaii Revised Statutes, is  
14 amended as follows:

15 1. By amending subsection (d) to read:

16 "(d) The financial disclosure statements of the following  
17 persons shall be public records and available for inspection and  
18 duplication:



- 1           (1) The governor, the lieutenant governor, the members of  
2           the legislature, candidates for and delegates to the  
3           constitutional convention, the trustees of the office  
4           of Hawaiian affairs, and candidates for state elective  
5           offices;
- 6           (2) The directors of the state departments and their  
7           deputies, regardless of the titles by which the  
8           foregoing persons are designated; provided that with  
9           respect to the department of the attorney general, the  
10          foregoing shall apply only to the attorney general and  
11          the first deputy attorney general;
- 12          (3) The administrative director of the State;
- 13          (4) The president, the vice presidents, the assistant vice  
14          presidents, the chancellors, members of the board of  
15          regents, and the provosts of the University of Hawaii;
- 16          (5) The members of the board of education and the  
17          superintendent, the deputy superintendent, the state  
18          librarian, and the deputy state librarian of the  
19          department of education;
- 20          (6) The administrative director and the deputy director of  
21          the courts; [~~and~~]



- 1           (7) The administrator and the assistant administrator of
- 2           the office of Hawaiian affairs [-]; and
- 3           (8) The members of the following state boards,
- 4           commissions, and agencies:
- 5           (A) The board of directors of the agribusiness
- 6           development corporation established under section
- 7           163D-3;
- 8           (B) The board of agriculture established under
- 9           section 26-16;
- 10          (C) The state ethics commission established under
- 11          section 84-21;
- 12          (D) The Hawaii community development authority
- 13          established under section 206E-3;
- 14          (E) The Hawaiian homes commission established under
- 15          the Hawaiian Homes Commission Act of 1920, as
- 16          amended, and section 26-17;
- 17          (F) The board of directors of the Hawaii housing
- 18          finance and development corporation established
- 19          under section 201H-3;
- 20          (G) The board of land and natural resources
- 21          established under section 171-4;



1           (H) The state land use commission established under  
2           section 205-1;

3           (I) The legacy land conservation commission  
4           established under section 173A-2.4;

5           (J) The natural area reserves system commission  
6           established under section 195-6;

7           (K) The board of directors of the natural energy  
8           laboratory of Hawaii authority established under  
9           section 227D-2;

10           (L) The board of directors of the Hawaii public  
11           housing authority established under section  
12           356D-3;

13           (M) The public utilities commission established under  
14           section 269-2; and

15           (N) The commission on water resource management  
16           established under section 174C-7."

17           2. By amending subsection (f) to read:

18           "(f) Candidates for state elective offices, including  
19 candidates for election to the constitutional convention, shall  
20 only be required to disclose their own financial interests. The  
21 disclosures of financial interests of all other persons  
22 designated in subsection (c) shall state, in addition to the

1 financial interests of the person disclosing, the financial  
2 interests of the person's spouse and dependent children. All  
3 disclosures shall include:

4 (1) The source and amount of all income of \$1,000 or more  
5 received, for services rendered, by the person in the  
6 person's own name or by any other person for the  
7 person's use or benefit during the preceding calendar  
8 year and the nature of the services rendered; provided  
9 that required disclosure under this paragraph for the  
10 income source of the spouse or dependent child of a  
11 person subject to subsection (d) shall be limited to  
12 the name of the business or other qualifying source of  
13 income, and need not include the income source's  
14 address; provided further that other information that  
15 may be privileged by law or individual items of  
16 compensation that constitute a portion of the gross  
17 income of the business or profession from which the  
18 person derives income need not be disclosed;

19 (2) The amount and identity of every ownership or  
20 beneficial interest held during the disclosure period  
21 in any business having a value of \$5,000 or more or  
22 equal to ten per cent of the ownership of the business





1 and, if the interest was transferred during the  
2 disclosure period, the date of the transfer; provided  
3 that an interest in the form of an account in a  
4 federal or state regulated financial institution, an  
5 interest in the form of a policy in a mutual insurance  
6 company, or individual items in a mutual fund or a  
7 blind trust, if the mutual fund or blind trust has  
8 been disclosed pursuant to this paragraph, need not be  
9 disclosed;

10 (3) Every officership, directorship, trusteeship, or other  
11 fiduciary relationship held in a business during the  
12 disclosure period, the term of office and the annual  
13 compensation;

14 (4) The name of each creditor to whom the value of \$3,000  
15 or more was owed during the disclosure period and the  
16 original amount and amount outstanding; provided that  
17 debts arising out of retail installment transactions  
18 for the purchase of consumer goods need not be  
19 disclosed;

20 (5) The street address and, if available, the tax map key  
21 number, and the value of any real property in which  
22 the person holds an interest whose value is \$10,000 or



1 more, and, if the interest was transferred or obtained  
2 during the disclosure period, a statement of the  
3 amount and nature of the consideration received or  
4 paid in exchange for such interest, and the name of  
5 the person furnishing or receiving the consideration;  
6 provided that disclosure shall not be required of the  
7 street address and tax map key number of the person's  
8 residence;

9 (6) The names of clients personally represented before  
10 state agencies, except in ministerial matters, for a  
11 fee or compensation during the disclosure period and  
12 the names of the state agencies involved; and

13 (7) The amount and identity of every creditor interest in  
14 an insolvent business held during the disclosure  
15 period having a value of \$5,000 or more."

16 SECTION 3. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect upon its approval.

APPROVED this                      day of                      , 2014