



HAWAII STATE ETHICS COMMISSION

State of Hawaii • Bishop Square, 1001 Bishop Street, ASB Tower 970 • Honolulu, Hawaii 96813

January 15, 2014

The Honorable Karl Rhoads, Chair
The Honorable Sharon E. Har, Vice Chair
Honorable Members
House Committee on Judiciary
Hawaii State Capitol, Room 325
415 South Beretania Street
Honolulu, Hawaii 96813

Re: **Testimony on House Bill No. 1072, Relating to the Board of Regents of the University of Hawaii**

Hearing: Thursday, January 16, 2014, 2:00 p.m.
State Capitol, Conference Room 325

Testimony From: Hawaii State Ethics Commission

The Honorable Karl Rhoads, Chair; The Honorable Sharon E. Har, Vice Chair;
and Honorable Members of the House Committee on Judiciary:

Thank you for the opportunity to testify on House Bill No. 1072, Relating to the Board of Regents of the University of Hawaii. The Hawaii State Ethics Commission ("Commission") strongly supports House Bill No. 1072 with respect to its purpose to require that the financial disclosure statements filed with the Commission by members of the Board of Regents are public records and available for inspection and duplication.

House Bill No. 1072 proposes to amend section 84-17 of the State Ethics Code, Chapter 84, Hawaii Revised Statutes ("HRS") by (1) requiring members of the Board of Regents to file annually a disclosure of financial interests with the Commission; and (2) requiring that the financial disclosure statements filed by members of the Board of Regents are public records and available for inspection and duplication.

The Commission wishes to point out that the current law, HRS section 84-17, already requires members of the Board of Regents to file financial disclosure statements with the Commission. Pursuant to HRS section 84-17(c)(9), persons who must file annual financial disclosure statements include the "members of every state board or commission

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whose original terms of office are for periods exceeding one year and whose functions are not solely advisory.” This category of persons includes members of the Board of Regents. Thus, members of the Board of Regents currently file annual financial disclosure statements with the Commission. Under the current law, however, their financial disclosure statements are confidential.¹

The Commission strongly agrees with the intent of House Bill No. 1072 to require that the financial disclosure statements of members of the Board of Regents be public records. The Board of Regents is responsible for the operations of the University of Hawaii and serves in a capacity akin to a state department director. Under the current law, the directors of state departments are required to file public financial disclosure statements.² Because the Board of Regents is vested with significant and substantial authority, the Commission believes that its members should be required to file public financial disclosure statements.

Moreover, the president, the vice presidents, the assistant vice presidents, the chancellors, and the provosts of the University of Hawaii--all of whom are subordinate to the Board of Regents--are required to file public financial disclosure statements,³ yet members of the Board of Regents currently are not subject to this requirement. The Commission believes it is an anomaly for members of the Board of Regents not to file public financial disclosure statements.

The primary purpose of the financial disclosure law is to provide transparency into the financial interests of legislators, state officials, state employees, and state board members to help identify potential conflicts of interests. The Commission receives almost 1,800 financial disclosure statements annually, the vast majority of which are confidential. By law, less than 200 financial disclosure statements are accessible by the public. Unfortunately, due to the Commission’s limited resources and, in many cases, lack of complete understanding as to a person’s official duties, the Commission’s ability to review all financial disclosure filings and to determine whether a person has a conflict of interest may be quite limited. For that reason, generally, the public is the best and most effective means to identify possible conflicts of interest.

¹ HRS section 84-17(d) identifies persons whose financial disclosure statements are public records. Members of the Board of Regents are not included among those persons. The Commission has introduced legislation to require that members of the Board of Regents, as well as members of several other state boards who currently file confidential financial disclosure statements, file public financial disclosure statements. See House Bill No. 207.

² HRS section 84-17(d)(2).

³ HRS section 84-17(d)(4).

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Given the underlying purpose of the State Ethics Code to foster public confidence in state government, the Commission believes that allowing public review of the financial disclosure statements filed by the members of the Board of Regents of the University of Hawaii is consistent with that purpose. The Commission therefore strongly supports House Bill No. 1072, with respect to requiring that the financial disclosure statements filed with the Commission by members of the Board of Regents are public records and available for inspection and duplication.

Thank you for considering the Commission's testimony.