



HAWAII STATE ETHICS COMMISSION

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

March 21, 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 S.B. No. 2682, S.D. 1, H.D. 1, Relating to Financial Disclosure Statements**

Hearing: Friday, March 21, 2014, 2:00 p.m.
State Capitol, Conference Room 325

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

The Hawaii State Ethics Commission (“Commission”) generally supports increased public disclosure of information that allows the public to examine whether a member of a state board or commission may have a conflict of interest.

Currently, almost 1,800 state employees and members of state boards and commissions are required to file annual financial disclosure statements with the Commission. Of those, approximately 180 employees and board/commission members’ disclosures are deemed to be public records, which the Commission makes available through its website. The other approximately 1,600 employees and board/commission members’ disclosures are, by law, confidential and available only to the Commission.

Because of the sheer number of disclosure statements, the Commission’s finite resources, and the Commission’s limited knowledge about the board/commission members’ official duties and their financial interests, the Commission’s ability to identify potential conflicts of interest is very limited and, frankly, except in rare circumstances, unlikely. The public, especially those who are involved with and may be impacted by the board/commission member’s action, is best able to identify and raise concerns about possible conflicts of interest.

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The Commission, therefore, supports S.B. No. 2682, S.D. 1, H.D. 1, which amends Hawaii Revised Statutes (“HRS”) section 84-17 to require that the financial disclosure statements filed by members of a number of boards and commissions, including the State Ethics Commission, be available to and accessible by the public.

The Commission is aware that the members of most of the boards and commissions identified above serve without pay and that allowing the public to view their financial interests may discourage some from volunteering to serve;¹ however, the Commission strongly suggests that there are certain responsibilities and obligations to the public that members must accept in exchange for the privilege and honor of serving. In light of the State Ethics Code’s fundamental purpose --- i.e., to foster public confidence in state government --- the Commission believes that those individuals responsible for department policy and other state policies about which there is a significant public interest should be required to publicly disclose financial information from which the public can consider whether the member has a conflict of interest.

Thank you for considering the Commission’s comments regarding S.B. 2682, S.D. 1.

¹ It is the Commission’s understanding that the members of the Public Utilities Commission, the Hawaii Labor Relations Board, and the Labor and Industrial Appeals Board are paid state employees.