HAWAII
STATE
ETHICS
COMMISSION
State of Hawaii • Bishop Square, 1001 Bishop Street, ASB Tower 970 • Honolulu, Hawaii 96813

February 10, 2015

The Honorable Karl Rhoads, Chair
The Honorable Joy A. San Buenaventura, Vice Chair
Honorable Members
House Committee on Judiciary
Hawaii State Capitol, Room 305
415 South Beretania Street
Honolulu, Hawaii 96813

Re: **HB No. 826, Relating to Ethics**

Hearing: Tuesday, February 10, 2015, 2:00 p.m.
State Capitol, Conference Room 325

The State Ethics Commission ("Commission") strongly supports HB No. 826, which will appropriate funds to the Commission to develop a system for legislators, state officials, state employees, members of state boards and commissions, candidates for state elective office, lobbyists and lobbying organizations to electronically file required forms with the Commission. However, based on the quotations received by the Commission, the sum of $60,000 appropriated in the bill is insufficient to develop and implement the system. The Commission requests that the bill be amended to appropriate the sum of $130,000 for fiscal year 2015-2016.

In 2014, the Commission received over 4,000 filings from legislators, state officials, state employees, members of state boards and commissions, candidates for state elective office, lobbyists, and lobbying organizations. Those filings included over 1,900 Financial Disclosure Statements filed by legislators, state officials, state employees, and members of state boards and commissions; over 200 Candidate Financial Disclosure Statements filed by candidates for state elective office; over 180 Gifts Disclosure Statements filed by legislators, state officials and state employees; and over 1,700 lobbying expenditure reports filed by lobbyists and organizations that are engaged in lobbying activities. In 2015, the Commission expects to receive roughly the same numbers of filings and an additional 300 lobbyists' registrations.

Prior to 2013, all of the forms were required to be submitted to the Commission in paper format. In 2013, the Commission explored developing a web-based system to allow forms to be submitted electronically; however, for budgetary reasons, the Commission was unable to afford the systems proposed by private computer consultants (over $100,000).

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The Commission opted to develop a significantly less costly system that allows a user to complete a fillable pdf form and to email that document to the Commission.

Unfortunately, the system does not work well. More specifically, it requires a user to open and complete the fillable pdf form using Internet Explorer; it does not allow a user to successfully submit the completed form using any other internet browser. If a user completes the form using a browser other than Internet Explorer, the fields in document may appear "blank;" the form may not be received by the Commission, notwithstanding the user's electronic "submission" of the form; and, of greater concern, neither the user nor the Commission receive notice of the system failure. And, the system does not work if the user is accessing and submitting the form using an Apple computer or iPad.

Many users have experienced, first hand, the issues with the current system. In many cases, users may have not satisfied their statutory obligation to file the required forms, notwithstanding their attempt to do so, because the completed form was not received by the Commission before the filing deadline.

The Commission understands that the current system is incompatible with today's technology and a new system needs to be developed.[1] If the Commission is unable to develop and implement a new electronic filing system, the Commission must consider requiring that all forms be submitted in paper format to address the issues and problems created by the system for users. In the Commission's opinion, it is a disservice and a step backwards to return to requiring paper filings.

The Commission has received two quotations to develop and implement an electronic filing system that will be compatible with the Commission's current SharePoint database.

<u>Proposal 1 (Hawaii Information Consortium)</u>:

Hawaii Information Consortium ("HIC"), the state's portal manager, estimates the cost to develop the system to be approximately $100,000. HIC also estimates an annual hosting and support service fee of $10,000. The Commission understands the required annual hosting fee to be the cost to "host" an external computer server, i.e., a server outside of the Commission's firewall. Users will access the system through the external server, not through the Commission's internal network. The support service fee also includes the cost of technical support, updates, and maintenance.

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[1] The Commission also has received complaints that the fillable pdf forms may not be ADA compliant. The Commission understands that the below proposals to develop an electronic filing system will address the ADA compliance issue.

In addition, to integrate the system into the Commission's SharePoint database, the Commission received an estimate from Premier Solutions, the Commission's current SharePoint consultant, of approximately $20,000. HIC's quotation does not include integrating the electronic filing system with the SharePoint database.

The total quotation for Proposal 1 is approximately $130,000.

Proposal 2 (Premier Solutions):

Premier Solutions has proposed to develop and implement an electronic filing system for the Financial Disclosure Statements filed annually by legislators, state officials, and state employees, members of state boards and commissions, and candidates for approximately $125,000. However, Premier Solutions' quotation does not include developing and implementing an electronic filing system for the other types of forms that the Commission receives, i.e., the Gifts Disclosure Statements and the lobbying filings. Those filings are significant in number, and the Commission believes that it is necessary to allow those forms to be submitted electronically.

The Commission has not received an updated proposal from Premier Solutions that would include the additional forms. The Commission, however, understands that the estimated cost likely will be significantly higher than HIC's quotation.

The Commission strongly urges the Committee to support the development and implementation of an electronic filing system that is compatible and works with any internet browser, using any computer platform. The Commission requests that the bill be amended to appropriate the sum of $130,000 for fiscal year 2015-2016.

Thank you for considering the Commission's testimony.