



The HIGH ROAD

"Preserving public confidence in public servants."

No. 97-3

Hawaii State Ethics Commission

May 1997

New Ethics Laws Enacted

The 1997 legislative session produced several new ethics laws. The Legislature passed three bills amending the State Ethics Code. All three bills were introduced at the request of the State Ethics Commission. The bills were signed by the Governor and enacted into law on April 23, 1997. The new ethics laws are as follows:

1. Disposition of financial disclosure statements. **Act 49** allows the Commission to retain financial disclosure statements for six years after a filer's term of office. Previously, the Commission could only retain disclosure statements for three years after a filer's term ended. The new law will enable the Commission to more effectively investigate and pursue ethics violations.
2. Fines against late filers of financial disclosure statements. **Act 50** allows the Commission to fine state officials and employees who fail to file financial interests disclosures on time. The new law assesses an initial \$50 fine against any legislator, board or commission member, or employee who fails to file a disclosure when due. Additional daily fines may also be imposed: The Commission must notify persons by registered mail of their failure to file; Failure to file a disclosure within ten days after the notification is mailed results in an additional penalty of \$10 for each day a disclosure remains unfiled. In addition, the Commission may take other action against late filers for violations of the ethics code.
3. Frivolous charges. **Act 51** amends the law relating to frivolous ethics charges. A person who files a frivolous charge with the Commission may be civilly liable to the person charged for costs incurred in

defending against the charge. Previously, the Commission was required to determine whether or not a charge was frivolous in every case where no formal finding of a violation occurred. This often resulted in unnecessary action by the Commission in cases where respondents were not interested in pursuing civil lawsuits against their accusers. Under the new law, the Commission must determine whether or not an ethics charge is frivolous only upon the request of the person charged.

The Legislature also passed a bill (S.B. No. 242) relating to the Commission's powers in administering the Lobbyists Law, chapter 97, HRS. The Commission supported this bill because among other things, it clarified the Commission's authority to initiate its own investigations and complaints concerning violations of the Lobbyists Law. The bill is pending approval by the Governor.

Ethics Training For DOE Principals

In April and May, the Commission's staff attorneys participated in a series of training sessions for school principals and other personnel of the Department of Education (DOE). The training sessions focused on personal service contracting procedures. The Commission's attorneys explained how the ethics laws apply to employees who procure goods and services for their state agencies. Over 400 DOE principals and staff employees attended the training sessions, which were held on Oahu, Maui, the Big Island, and Kauai.

Special thanks to Randall Honda of the DOE's Budget Office, who helped coordinate the Commission's participation in these training sessions.

Financial Disclosure Statements and Lobbying Expenditures Reports Due June 2, 1997

Financial disclosure statements are due on May 31. Because May 31 falls on a Saturday this year, the filing deadline has been extended to **Monday, June 2, 1997**. Disclosure statements must be filed by all state legislators, department heads, and other employees and board and commission members as specified by law.

Lobbying expenditures reports also are due on June 2, 1997. The reports cover lobbying expenditures made during the period from March 1, 1997 through April 30, 1997. Persons required to file expenditures reports are: (1) Lobbyists; (2) Persons who spend \$750 or more (excluding travel costs) in any six-month period lobbying; and (3) Persons who employ or contract for the services of a lobbyist.

Anyone with questions about the filing requirements should contact the State Ethics Commission at 587-0460 before the filing deadline.

Gifts Disclosure Statements Due June 30, 1997

The Commission this month issued reminders to all state departments that gifts disclosure statements are due on June 30, 1997. The report covers the period from June 1, 1996 to June 1, 1997. State legislators, state employees, and state board and commission members who received gifts during this period must file a gifts disclosure statement with the Commission if they meet all of the following conditions:

1. The official or employee, or spouse or dependent child of the official or employee, received from one source (a) any gift valued in excess of \$200 or (b) any gifts whose combined value is in excess of \$200;

2. The source of the gift or gifts has interests that may be affected by official action or lack of action by the official or employee; and
3. The gift is not exempted by the ethics code.

Gifts disclosure statements must disclose the person or organization from whom a gift was received; the value of the gift and a description of the gift; and the date on which the gift was received. Disclosure statements that are filed with the State Ethics Commission are public records.

Officials and employees who did not receive any reportable gifts during the reporting period need not file a gifts disclosure statement.

Additional information about the gifts disclosure law and disclosure forms and instructions can be obtained by contacting the State Ethics Commission.



NEXT ISSUE: Solicitations by State Agencies - Ethical or Not?

Can a state agency solicit private businesses for donations? Are such solicitations ethical or not?

The next issue of The High Road will discuss how the ethics code applies to solicitations by state agencies.

The High Road is a publication of the Hawaii State Ethics Commission.

Commissioners: Bernard LaPorte, Chair; Leolani Abdul, Vice Chair; Kirk Cashmere; Bernice Pantell; Carl Sakata

Executive Director: Daniel Mollway

Address: P.O. Box 616

Honolulu, HI 96809

Telephone: 587-0460

Fax: 587-0470