



# HAWAII STATE ETHICS COMMISSION

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

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February 6, 2009

The Honorable James Kunane Tokioka, Chair  
The Honorable Blake K. Oshiro, Vice Chair  
House Committee on Legislative Management  
Hawaii State Capitol, Room 439  
415 South Beretania Street  
Honolulu, Hawaii 96813

Re: **Testimony on H.B. No. 853, Relating to Public Disclosure  
of Financial Interests Statements**

Hearing: Friday, February 6, 2009, 2:00 p.m.  
State Capitol, Conference Room 423

Testifying: Daniel J. Mollway, Executive Director and General Counsel  
Hawaii State Ethics Commission

The Honorable James Kunane Tokioka, Chair; The Honorable Blake K. Oshiro, Vice Chair; and Honorable Members of the House Committee on Legislative Management:

Thank you for this opportunity to testify today on H.B. No. 853, Relating to Public Disclosure of Financial Interests Statements. The purpose of this bill is to require legislators to file their annual disclosure of their financial interests between January 1 and January 31 of each year.

The Hawaii State Ethics Commission strongly supports this bill. We believe that this bill is extremely important because legislators are not subject to the conflict-of-interests law set forth in the State Ethics Code.

Currently, legislators may file their annual disclosures between January 1 and May 31. Since many disclosures filed by legislators are filed after the session, the disclosures are basically useless in helping the public to understand where there are potential conflicts for legislators that the public might be interested in. The purpose of having legislators file public financial interests disclosure forms is, in the absence of a recusal law administered by the State Ethics Commission, to give the public information about the financial interests a legislator may have. Thus, logic dictates that such disclosure forms be filed early in the session.

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We understand that the disclosure form requires legislators to disclose the amount of income from businesses they worked for in the preceding calendar year, and this amount of income in some cases may not be known in January, due to the complexities of tax law and so forth. Thus, in such instances, a legislator, under this bill, would only have to disclose the source of the income received, and then provide a good-faith estimate of the income the legislator expects to receive. Later, by May 31, the legislator would be required to file an amendment form solely to amend this portion of the financial interests disclosure form.

We believe that such a bill will do a tremendous amount of good in showing that legislators are responsive to the dictates of transparency, which is important for the functioning of our government. The public would at least know the sources of income from which legislators received income early in the legislative session, and thus would be able to assess for themselves whether or not legislators have conflicts of interests, to the public's mind. We believe that such a bill is salutary, in the sense that in general we believe that such disclosure forms will in fact show a lack of significant conflicts of interests in the main. At present, the public can only guess as to what interests a legislator may have until a disclosure form is filed at some time later or even after the session ends. The Commission believes that this is thus a very important bill for the Legislature to consider and advance.

For the reasons set forth above, the Hawaii State Ethics Commission strongly supports this bill. We appreciate the opportunity to testify on this bill, and I will be happy to address any questions that members of this Committee may have.

DJM/af