



A BILL FOR AN ORDINANCE

RELATING TO ETHICS.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to amend the requirements for financial disclosures by certain city officers and employees and candidates for elective city office.

SECTION 2. Section 3-8.4, Revised Ordinances of Honolulu 1990, as amended, is amended to read as follows:

"Sec. 3-8.4 Financial disclosures.

(a) Definitions. [The] For purposes of this section, the following [words used in this section] terms shall have the respective meanings ascribed to them in this subsection:

"Business" includes a corporation, a partnership, a limited liability company, a sole proprietorship, a trust or foundation, or other individual or organization carrying on a business, whether or not operated for profit.

"Candidate" has the meaning given to it by HRS Section 11-191.

"Domestic partner" means a person with whom the person required to make the disclosure:

(1) Is in a civil union under HRS Chapter 572B; or

(2) Is a reciprocal beneficiary under HRS Chapter 572C.

"Elective office" means [all] any elective [offices] office of the City and County of Honolulu.

"Employee" means [all] any full-time [employees] employee of the executive [and] or legislative [branches] branch of the City and County of Honolulu who [are] is exempt from civil service pursuant to Revised Charter [Sections] Section 6-1103 [and] or 6-1104, but [excluding all persons] excludes any person hired



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under the Comprehensive Employment and Training Act [and], under Revised Charter Section 6-1103 (e), (f), (g), and (h)[.], or under Revised Charter Section 6-1104 (f).

"Ethics commission" means the ethics commission of the City and County of Honolulu.

"Income" means gross income as defined by Section 61 of the Internal Revenue Code of 1954.

"Officer" has the same meaning as in Section 13-101.4 of the [revised charter.] Revised Charter.

(b) Filing of Financial Disclosures.

(1) Candidates [to] for Office. Any candidate for [nomination or] elective city office [for the City and County of Honolulu] shall file within 10 working days after the deadline for filing as a candidate for the office, a complete financial disclosure as provided [herein.] in this section.

(2) (A) Officers. Any officer of the executive or legislative branch shall file a complete financial disclosure as prescribed [herein] in this section within 20 working days after taking the oath of office and annually thereafter on or before January 31st of each year until the end of the term of office.

(B) If an officer is reelected or reappointed for a new term, the foregoing prescription of filing financial disclosures shall be observed.

(3) Employees. Employees of the executive or legislative [branches] branch shall file complete financial disclosures as prescribed [herein] in this section within 20 working days after [the effective date of this section] commencement of their employment and file financial disclosures annually thereafter on or before January 31st of each year.

(c) The disclosure of financial interests shall state, in addition to the financial interests of the person disclosing, the financial interests of the person's spouse [and dependent children,] or domestic partner, dependents and household members, and dependents of the spouse or domestic partner, and shall include:



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- (1) The source and amount of all income of \$1,000.00 or more received, for services rendered, by the person in such person's own name or by any other person for such person's use or benefit during the preceding calendar year and the nature of the services rendered; provided, that information that may be privileged by law or individual items of compensation that constitute [a portion] less than 10 percent of the gross income of the business or profession from which the person derives income need not be disclosed.
- (2) The name of each creditor to whom the value of \$3,000.00 or more was owed during the preceding calendar year and the original amount and amount outstanding; provided that debts arising out of retail installment transactions for the purchase of consumer goods need not be disclosed.
- (3) The amount and identity of every ownership or beneficial [interests] interest held during the disclosure period in any business incorporated, regulated, or licensed to carry on business in the state having a value of \$5,000.00 or more or equal to 10 percent of the ownership of the business and, if the interest was transferred during the preceding calendar year, the date of the transfer; provided, that an interest in the form of an account in a federal or state regulated financial institution, an interest in the form of a policy in a mutual insurance company, or individual items in a mutual fund or a blind trust, if the mutual fund or blind trust has been disclosed pursuant to this paragraph, need not be disclosed.
- (4) Every officership, directorship, trusteeship or other fiduciary relationship held in a business during the preceding calendar year, the term of office and the annual compensation.
- (5) The tax map key number and street address, if any, and the value of any real property in the City and County of Honolulu in which the person holds an interest whose value is \$10,000.00 or more, and if the interest was transferred or obtained during the preceding calendar year, a statement of the amount and nature of the consideration received or paid in exchange for such interest, and the name of the person furnishing or receiving the consideration.
- (6) The amount and identity of every creditor interest in an insolvent business held during the preceding calendar year having a value of \$5,000.00 or more.



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- (7) The names of clients personally represented before city agencies, except in ministerial matters, for a fee or compensation during the preceding calendar year and the names of the city agencies involved.
- (d) Filing Requirements.
- (1) All public financial disclosures shall be filed with the office of the city clerk and a copy shall be transmitted by that office to the ethics commission. All confidential disclosures shall be filed with the [city] ethics commission.
- (2) The form for all public financial disclosures shall be as prescribed by the city clerk. The forms for confidential disclosures shall be as prescribed by the [city] ethics commission.
- (3) [When leaving office or employment with the city.] Any officer or employee of the city shall file a financial disclosure as prescribed [herein] in this section 10 working days before [an] the officer is to leave such person's office or [an] the employee is to terminate such person's employment with the city. This requirement will also include transfer of an officer or employee from the city to either the state or federal [governments.] government.
- (4) A financial disclosure shall be deemed complete when all material information required to be submitted is received by the city clerk or the ethics commission, whichever is applicable.
- (e) The financial disclosure statements of the following persons shall be public [record] records and may be opened for inspection by the public during the office hours of the city clerk:
- (1) All candidates for elective office;
- (2) All elected officers; and
- (3) The directors of the city agencies and their first deputies.

All other financial disclosure statements required to be filed under this section shall be confidential.



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(f) Penalty.

(1) Officers and Employees.

- (A) Late Filing. Any officer or employee of the city whose [required] complete financial disclosure is not received by the ethics commission or the city clerk, whichever is applicable, by the close of business on the deadline date specified in subsection (b), shall be given a notice of violation of the provisions of this section by the ethics commission or the city clerk, whichever is applicable. The notice shall state that the city officer or employee has 10 days from receipt of the notice in which to file the required financial disclosure or be subject to the penalties provided in this paragraph and Section 3-8.5. Any city officer or employee, who has received this notice and fails to file the required disclosure within 10 days of receipt of the notice, shall be subject to a civil fine according to the following schedule: \$100.00 for the first late filing; \$200.00 for the second late filing; and thereafter, for each additional late filing, the fine imposed for the previous late filing plus \$200.00. Any penalty or fine shall be imposed after an opportunity for a hearing conducted by the ethics commission under HRS Chapter 91.
- (B) Failure to File. Any officer or employee of the city who fails to file a complete financial disclosure as required in this section within 30 days from receipt of the notice of violation referred to in paragraph (A)[,] shall, in addition to any civil fines imposed under paragraph (A), be subject to:
- (i) The provisions of Section 3-8.5 relating to noncompliance; [or]
 - (ii) A criminal penalty of a fine of not more than \$2,000.00 or of imprisonment for not more than one year, or of both such fine and imprisonment[,]; or [to both]
 - (iii) Both (i) and (ii).
- (C) Failure to Include All Material Information. It is a violation of this section for any officer or employee to file a financial disclosure without including all material information required. In addition to the



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penalties and recommended discipline stated in paragraphs (A) and (B), the ethics commission may impose a civil fine and make a recommendation for discipline to the appointing authority or to the council, in the case of a councilmember, under Section 3-8.5 for failure to file all material information.

(2) Candidates.

- (A) Late Filing. Any candidate whose [required] complete financial disclosure is not received by the city clerk by the close of business on the deadline date specified in subsection (b)[,] shall be given a notice of violation of the provisions of this section by the city clerk. The notice shall state that the candidate has 10 days from receipt of the notice in which to file the required financial [disclosures] disclosure or be subject to the penalties provided in this paragraph. Any candidate, who has received this notice and fails to file the required disclosure within 10 days of receipt of the notice, shall, upon election to office, be subject to the provisions of Section 3-8.5 and a civil fine according to the following schedule: \$100.00 for the first late filing; \$200.00 for the second late filing; and thereafter, for each additional late filing, the fine imposed for the previous late filing plus \$200.00. Any penalty or fine shall be imposed after an opportunity for a hearing conducted by the ethics commission under HRS Chapter 91.
- (B) Failure to File. Any candidate who fails to file a complete financial disclosure as required in this section within 30 days from receipt of the notice of violation referred to in paragraph (A)[,] shall, in addition to any civil fines imposed under paragraph (A), be subject to a criminal penalty of a fine of not more than \$2,000.00 or of imprisonment for not more than one year, or of both such fine and imprisonment.
- (C) Failure to Include All Material Information. It is a violation of this section for any candidate to file a financial disclosure without including all material information required. In addition to the penalties and recommended discipline stated in paragraphs (A) and (B), the ethics commission may impose a civil fine and make a recommendation for discipline to the council, in the case of a candidate for council office, under Section 3-8.5 for failure to file all material information.



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(3) The ethics commission may waive any fine assessed under this section upon a showing of good cause.

~~[(3)]~~ (4) Rules.

The ethics commission shall have the authority to establish rules to implement subdivisions (1) [and], (2)[.] and (3) of this subsection."

SECTION 3. Ordinance material to be repealed is bracketed. New ordinance material is underscored. When revising, compiling or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the revisor of ordinances need not include the brackets, the bracketed material or the underscoring.



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SECTION 4. Effective Date. This ordinance shall take effect upon its approval, but shall not apply to any financial disclosure that was filed before its approval and was filed within one month of the date on which it was required to be filed. Such financial disclosures shall be subject to the provisions of Section 3-8.4, Revised Ordinances of Honolulu 1990, as it read immediately prior to the approval of this ordinance.

INTRODUCED BY:

[Handwritten Signature] (br)

41:11M 01 50M 5122

DATE OF INTRODUCTION:

APR 19 2012

Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

**FILED
APR 19 2014
PURSUANT TO ROH Sec. 1-2.4**

APPROVED this _____ day of _____, 20____.

PETER B. CARLISLE, Mayor
City and County of Honolulu