



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-SECOND LEGISLATURE, 2024**

ON THE FOLLOWING MEASURE:

S.B. NO. 2983, S.D. 2, H.D. 1, RELATING TO SOLICITATION OF FUNDS FROM THE PUBLIC.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Thursday, March 28, 2024 **TIME:** 2:00 p.m.

LOCATION: State Capitol, Room 308 and Videoconference

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Kristie Cruz Chang, Deputy Attorney General

Chair Yamashita and Members of the Committee:

The Department of the Attorney General (Department) supports the intent of this bill and provides the following comments.

This bill proposes to (1) regulate charitable fundraising platforms and activities of platform charities, (2) regulate the misuse of funds, and (3) impose vicarious liability upon a platform charity for a charitable fundraising platform's misuse of funds.

The original wording of this bill appears to be largely taken from California Assembly Bill 488, which was signed into law on October 7, 2021, and which came into effect on January 1, 2023. This bill was amended in H.D. 1 to synthesize the California terminology and a framework to Hawaii law and regulations.

The Department recommends the following changes to further synthesize the bill's terminology to Hawaii law and regulations and to make additional Ramseyer formatting revisions:

- Page 1, line 16, delete "to an annual registration and" and insert "an annual report" before renewal fee to read "to an annual report and an annual renewal fee imposed by the"
- Page 3, line 18, to page 4, line 2, delete "; provided that if none of the foregoing agencies publishes a list, then the charitable fundraising platform or platform charity shall not be required to comply with this

- section for the length of time that lists are unavailable.”
- Page 3, line 18, to read “the department of taxation, or the department’s registry;”
 - Page 6, lines 3-5, delete “; provided that this paragraph shall not apply to tier 3 activities” to read “(5) A statement as to the tax deductibility of the donation.”
 - Page 7, line 20, delete “(k) As used in this section:”
 - Page 8, line 1, through page 13, line 2, suggest moving the new definitions to section 467B-1, Hawaii Revised Statutes.
 - Page 26, line 21, remove “or” to read “professional fundraising counsel, ~~[or]~~ commercial co-venturer₁.”
 - Page 35, line 19, add Ramseyer bracket and strikethrough to “and” to read as “counsel ~~[and]~~₁ professional solicitors~~[-]~~, charitable fundraising”

Thank you for the opportunity to provide testimony.



**Testimony to the House Committee on Finance
Representative Kyle Yamashita, Chair
Representative Lisa Kitagawa, Vice Chair
Thursday, March 28, 2024 at 2:00 p.m.
Conference Room 308 & Videoconference
SB 2983, SD2, HD1 Relating to Solicitation of Funds from the Public**

Dear Chair Yamashita, Vice Chair Kitagawa, and members of the Finance Committee:

On behalf of the Hawai'i Alliance of Nonprofit Organizations, I would like to offer our comments in opposition to **SB 2983, SD2, HD1** which amends Chapter 467B, HRS, to regulate charitable fundraising platforms and activities of platform charities.

Hawai'i Alliance of Nonprofit Organizations (HANO) is a statewide, sector-wide professional association of nonprofits. Our mission is to unite and strengthen the nonprofit sector as a collective force to improve the quality of life in Hawai'i. Our member organizations provide essential services to every community in the state.

HANO supports efforts to root out fraudulent actors who may unscrupulously solicit donations that are not used for bona fide charitable purposes. HANO has concerns, however, that this particular bill could negatively impact legitimate charities by imposing additional and unneeded administrative burdens. The definition of "platform charities" is unclear and would appear to include local United Way organizations and the Hawaii Community Foundation -- organizations that are already registered and in compliance as well as subject to audits.

HANO requests this bill be deferred this session so that the nonprofit sector, HANO, the Department of the Attorney General, and other relevant stakeholders can better define the specific problem(s) and find appropriate solutions that root out bad actors but do not impose unnecessary burdens on already compliant charitable organizations.

Thank you for the opportunity to submit this testimony.

Mahalo,

Melissa Miyashiro
President and CEO