Honolulu, Hawaii

Merch 20 , 2008

RE: S.B. No. 3171

S.D. 2 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fourth State Legislature Regular Session of 2008 State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and Judiciary, to which was referred S.B. No. 3171, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CHARITABLE TRUSTS AND NONPROFIT ORGANIZATIONS,"

beg leave to report as follows:

The purpose of this bill is to protect consumers who donate to charities by, among other things:

- (1) Requiring charitable organizations, with certain exemptions, to register and file annual financial reports with the Attorney General (AG);
- (2) Requiring audited financial statements for charities with over \$1,000,000 in gross revenue for the year covered by the annual financial report;
- (3) Establishing financial report filing fees based upon the charitable organization's income;
- (4) Authorizing the AG to issue subpoenas to investigate suspected violations;
- (5) Requiring professional solicitors to report national and local gross revenues from a solicitation activity or campaign in financial reports to the AG;

SB3171 HD1 HSCR CPC-JUD HMS 2008-3122



- (6) Prohibiting charities from using the services of an unregistered professional solicitor or professional fundraising counsel;
- (7) Enhancing the registration requirements for professional fundraising counsel and professional solicitors; and
- (8) Appropriating funds to meet the AG's additional staffing needs in carrying out the purposes of this bill.

The Children's Alliance of Hawaii, Inc., and Nature Conservancy of Hawaii testified in support of this bill. The Hawaii Alliance of Nonprofit Organizations supported the intent of this measure. The Domestic Violence Action Center opposed this bill. The AG submitted comments.

Your Committees have amended this bill by:

- (1) Allowing a parent organization to submit a consolidated registration application for itself and any of its related foundations, supporting organizations, chapters, branches, or affiliates in Hawaii;
- (2) Lowering the gross revenue threshold for the mandatory filing of audited financial statements, from \$1,000,000 to \$500,000;
- (3) Lowering from \$20,000 to \$1,000, the total amount of monetary penalties that may be imposed for failing to file a financial report or return, to match the cap on administrative fines for other violations of the law under section 467B-9.7(b)(3), Hawaii Revised Statutes;
- (4) Delaying the start of the new registration and financial reporting requirements until November 15, 2008; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3171, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3171, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

SB3171 HD1 HSCR CPC-JUD HMS 2008-3122



STAND. COM. REP. NO. 104 -08 Page 3

Respectfully submitted on behalf of the members of the Committees on Consumer Protection & Commerce and Judiciary,

TOMMY WATERS, Chair

ROBERT N. HERKES, Chair

State of Hawaii House of Representatives The Twenty-fourth Legislature

HSC12 17604-08

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: SB3171,SD2 (SSCR2787)	CPC/JUD,	FIN Date	<u> </u>	8
☐ The committee is reconsidering its prev	vious decision on the measure	:./		
	unamended (as is) I I I I I I I I I I I I I I I I I I I	Pass, with amendments commit for future publ		
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)	Y			
2. McKELVEY, Angus L.K. (VC)	<u> </u>			
3. EVANS, Cindy	γ			
4. GREEN, Josh, M.D.	V V			
5. ITO, Ken	Q Q			
6. LUKE, Sylvia	<u> </u>			
7. MORITA, Hermina M.				>
8. SONSON, Alex M.				X
9. SOUKI, Joseph M.				×
10. TSUJI, Clift	7			
11. YAMANE, Ryan I.	Y			
12. YAMASHITA, Kyle T.	\ \ Y			
13. MARUMOTO, Barbara C.	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \			
14. THIELEN, Cynthia				
		-		
}				
TOTAL (14)	10	0	0	4
¥	lopted	did not supp	port recommendation	n.
Vice Chair's or designee's signature:				
Distribution: Original (White) – Co	ommittee Duplicate (Y	'ellow) – Chief Clerk's	Office	

State of Hawaii House of Representatives The Twenty-fourth Legislature

HSG2 1264-08

Record of Votes of the Committee on Judiciary

Bill/Resolution No.: SB3171, SD2 (SSCR2787)	Committee Referral: CPC/JUD, FIN		Date: 3-13-08			
☐ The committee is reconsidering its previous decision on the measure.						
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)						
JUD Members	Ayes	Ayes (WR)	Nays	Excused		
1. WATERS, Tommy (C)						
2. OSHIRO, Blake K. (VC)						
3. EVANS, Cindy						
4. GREEN, Josh, M.D.	<u> </u>					
5. ITO, Ken						
6. LUKE, Sylvia						
7. McKELVEY, Angus L.K.						
8. MORITA, Hermina M.						
9. SONSON, Alex M.						
10. SOUKI, Joseph M.						
11. TSUJI, Clift						
12. YAMANE, Ryan I.13. YAMASHITA, Kyle T.						
14. MARUMOTO, Barbara C.						
15. PINE, Kymberly Marcos						
16. THIELEN, Cynthia				_		
10. THELEIN, Cyntina						
-						
	· · · · · · · · · · · · · · · · · · ·					

TOTAL (16)	12			4		
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)						
Vice Chair's or designee's signature:						
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office						