
A BILL FOR AN ACT

RELATING TO CONVERSIONS BY NONPROFIT CORPORATIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 414D-207, Hawaii Revised Statutes, is
2 repealed.

3 ~~["§414D-207 Conversions into and from corporations. (a)~~
4 ~~A domestic corporation may adopt a plan of conversion and~~
5 ~~convert to a foreign corporation or any other business entity~~
6 ~~if:~~

7 ~~(1) The board of directors and members of the domestic~~
8 ~~corporation approve a plan of conversion in the manner~~
9 ~~prescribed by section 414D-202 and if the conversion~~
10 ~~is treated as a merger to which the converting entity~~
11 ~~is a party and not the surviving entity;~~

12 ~~(2) The conversion is permitted by and complies with the~~
13 ~~laws of the state or country in which the converted~~
14 ~~entity is to be incorporated, formed, or organized,~~
15 ~~and the incorporation, formation, or organization of~~
16 ~~the converted entity complies with those laws;~~

17 ~~(3) At the time the conversion becomes effective, each~~
18 ~~member of the converting entity, unless otherwise~~



1 ~~agreed to by the member or directors, owns an equity~~
2 ~~interest or other ownership interest in, and is a~~
3 ~~shareholder, partner, member, or other owner of, the~~
4 ~~converted entity,~~

5 ~~(4) The members of the domestic corporation, as a result~~
6 ~~of the conversion, shall not become personally liable~~
7 ~~without the members' consent, for the liabilities or~~
8 ~~obligations of the converted entity, and~~

9 ~~(5) The converted entity is incorporated, formed, or~~
10 ~~organized as part of or pursuant to the plan of~~
11 ~~conversion.~~

12 ~~(b) Any foreign corporation or other business entity may~~
13 ~~adopt a plan of conversion and convert to a domestic corporation~~
14 ~~if the conversion is permitted by and complies with the laws of~~
15 ~~the state or country in which the foreign corporation or other~~
16 ~~business entity is incorporated, formed, or organized.~~

17 ~~(c) A plan of conversion shall set forth:~~

18 ~~(1) The name of the converting entity and the converted~~
19 ~~entity,~~

20 ~~(2) A statement that the converting entity is continuing~~
21 ~~its existence in the organizational form of the~~
22 ~~converted entity,~~



1 ~~(3) A statement describing the organizational form of the~~
2 ~~converted entity and the state or country under the~~
3 ~~laws of which the converted entity is to be~~
4 ~~incorporated, formed, or organized; and~~

5 ~~(4) The manner and basis of converting the shares or other~~
6 ~~forms of ownership, of the converting entity into~~
7 ~~shares or other forms of ownership, of the converted~~
8 ~~entity, or any combination thereof.~~

9 ~~(d) A plan of conversion may set forth any other~~
10 ~~provisions relating to the conversion that are not prohibited by~~
11 ~~law, including without limitation the initial bylaws and~~
12 ~~officers of the converted entity.~~

13 ~~(e) After the conversion of a domestic corporation is~~
14 ~~approved, and at any time before the conversion becomes~~
15 ~~effective, the plan of conversion may be abandoned by the~~
16 ~~domestic corporation in accordance with the procedures set forth~~
17 ~~in the plan of conversion or, if these procedures are not~~
18 ~~provided in the plan, in the manner determined by the board of~~
19 ~~directors. If articles of conversion have been filed with the~~
20 ~~department director but the conversion has not become effective,~~
21 ~~the conversion may be abandoned if a statement, executed on~~
22 ~~behalf of the converting entity by an officer or other duly~~



1 ~~authorized representative and stating that the plan of~~
2 ~~conversion has been abandoned in accordance with applicable law,~~
3 ~~is filed with the department director prior to the effective~~
4 ~~date of the conversion. If the department director finds that~~
5 ~~the statement satisfies the requirements provided by law, the~~
6 ~~department director, after all fees have been paid, shall:~~

7 ~~(1) Stamp the statement and include the date of the~~
8 ~~filing;~~

9 ~~(2) File the document in the department director's office,~~
10 ~~and~~

11 ~~(3) Issue a certificate of abandonment to the converting~~
12 ~~entity or its authorized representatives.~~

13 ~~(f) Once the statement provided in subsection (e) is filed~~
14 ~~with the department director, the conversion shall be deemed~~
15 ~~abandoned and shall not be effective."]~~

16 SECTION 2. Section 414D-208, Hawaii Revised Statutes, is
17 repealed.

18 ~~["§414D-208 Articles of conversion. (a) If a plan of~~
19 ~~conversion has been approved in accordance with section 414D-202~~
20 ~~and has not been abandoned, articles of conversion shall be~~
21 ~~executed by an officer or other duly authorized representative~~
22 ~~of the converting entity and shall set forth:~~



1 ~~(1) A statement certifying the following:~~

2 ~~(A) The name, form of entity, and state or country of~~
3 ~~incorporation, formation, or organization of the~~
4 ~~converting and converted entities;~~

5 ~~(B) That a plan of conversion has been approved;~~

6 ~~(C) That an executed plan of conversion is on file at~~
7 ~~the principal place of business of the converting~~
8 ~~entity and stating the address thereof; and~~

9 ~~(D) That a copy of the plan of conversion shall be~~
10 ~~furnished by the converting entity prior to the~~
11 ~~conversion or by the converted entity after the~~
12 ~~conversion on written request and without cost,~~
13 ~~to any member or director, as the case may be, of~~
14 ~~the converting entity or the converted entity;~~
15 ~~and~~

16 ~~(2) If the converting entity is a domestic or foreign~~
17 ~~corporation or other entity, a statement that the~~
18 ~~approval of the plan of conversion was duly authorized~~
19 ~~and complied with the laws under which it was~~
20 ~~incorporated, formed, or organized.~~

21 ~~(b) The articles of conversion shall be delivered to the~~
22 ~~department director. The converted entity, if a domestic~~



1 ~~corporation, domestic professional corporation, domestic~~
2 ~~nonprofit corporation, domestic general partnership, domestic~~
3 ~~limited partnership, or domestic limited liability company shall~~
4 ~~attach a copy of its respective registration documents with the~~
5 ~~articles of conversion.~~

6 ~~(c) If the department director finds that the articles of~~
7 ~~conversion satisfy the requirements provided by law, and that~~
8 ~~all required documents are filed, the department director, after~~
9 ~~all fees have been paid shall:~~

10 ~~(1) Stamp the articles of conversion and include the date~~
11 ~~of the filing,~~

12 ~~(2) File the document in the department director's office,~~
13 ~~and~~

14 ~~(3) Issue a certificate of conversion to the converted~~
15 ~~entity or its authorized representatives."]~~

16 SECTION 3. Section 414D-210, Hawaii Revised Statutes, is
17 repealed.

18 ~~["§414D-210 Effect of conversion. When a conversion~~
19 ~~becomes effective:~~

20 ~~(1) The converting entity shall continue to exist without~~
21 ~~interruption, but in the organizational form of the~~
22 ~~converted entity,~~



- 1 ~~(2) All rights, title, and interest in all real estate and~~
2 ~~other property owned by the converting entity shall~~
3 ~~automatically be owned by the converted entity without~~
4 ~~reversion or impairment, subject to any existing liens~~
5 ~~or other encumbrances;~~
- 6 ~~(3) All liabilities and obligations of the converting~~
7 ~~entity shall automatically be liabilities and~~
8 ~~obligations of the converted entity without impairment~~
9 ~~or diminution due to the conversion;~~
- 10 ~~(4) The rights of creditors of the converting entity shall~~
11 ~~continue against the converted entity and shall not be~~
12 ~~impaired or extinguished by the conversion;~~
- 13 ~~(5) Any action or proceeding pending by or against the~~
14 ~~converting entity may be continued by or against the~~
15 ~~converted entity without any need for substitution of~~
16 ~~parties;~~
- 17 ~~(6) The shares and other forms of ownership in the~~
18 ~~converting entity that are to be converted into~~
19 ~~shares, or other forms of ownership, in the converted~~
20 ~~entity as provided in the plan of conversion shall be~~
21 ~~converted;~~



1 ~~(7) A shareholder, partner, member, or other owner of the~~
2 ~~converted entity shall be liable for the debts and~~
3 ~~obligations of the converting entity that existed~~
4 ~~before the conversion takes effect; provided that the~~
5 ~~shareholder, partner, member, or other owner:~~

6 ~~(A) Agreed in writing to be liable for the debts or~~
7 ~~obligations;~~

8 ~~(B) Was liable under applicable law prior to the~~
9 ~~effective date of the conversion for the debts or~~
10 ~~obligations; or~~

11 ~~(C) Becomes liable under applicable law for existing~~
12 ~~debts and obligations of the converted entity by~~
13 ~~becoming a shareholder, partner, member, or other~~
14 ~~owner of the converted entity.~~

15 ~~(8) If the converted entity is a foreign corporation or~~
16 ~~other business entity incorporated, formed, or~~
17 ~~organized under a law other than the law of this~~
18 ~~State, the converted entity shall file with the~~
19 ~~director:~~

20 ~~(A) An agreement that the converted entity may be~~
21 ~~served with process in this State in any action~~
22 ~~or proceeding for the enforcement of any~~



1 ~~liability or obligation of the converting~~
2 ~~domestic corporation,~~

3 ~~(B) An irrevocable appointment of a resident of this~~
4 ~~State, including the street address, as its agent~~
5 ~~to accept service of process in any such~~
6 ~~proceeding, and~~

7 ~~(C) An agreement for the enforcement, as provided in~~
8 ~~this chapter, of the right of any dissenting~~
9 ~~shareholder, partner, member, or other owner to~~
10 ~~receive payment for their interest against the~~
11 ~~converted entity."]~~

12 SECTION 4. Statutory material to be repealed is bracketed
13 and stricken.

14 SECTION 5. This Act shall take effect on July 1, 2050.



Report Title:

Nonprofit Corporations; Conversions

Description:

Repeals provisions regarding conversions by nonprofit corporations. Effective 07/01/50. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

