STAND. COM. REP. NO. 192

Honolulu, Hawaii Forman , 2013 RE: H.B. No. 791

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Seventh State Legislature Regular Session of 2013 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 791 entitled:

"A BILL FOR AN ACT RELATING TO NONPROFIT CORPORATIONS,"

begs leave to report as follows:

The purpose of this measure is to clearly provide that directors of a nonprofit corporation shall have access to the books and records of the corporation to the extent reasonably related to the performance of their duties.

The Department of the Attorney General, the Hawai'i Alliance of Nonprofit Organizations, and the Maui NonProfit Directors Association testified in support of this measure.

Your Committee finds that sections 414D-301 through 414D-304, Hawaii Revised Statutes, create a judicially enforceable right for members of a membership-based nonprofit corporation to inspect the books and records of the corporation. However, there is no comparable provision to ensure that a director of a nonprofit corporation shall have reasonable access to the books and records of the corporation.

Your Committee further finds that, in order to comply with the duty of care imposed upon directors under state law, a director of a nonprofit corporation must be informed and have access to basic financial and operational data of the corporation. This measure requires the corporation to give reasonable access to the director and provides for enforcement by the courts.



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As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 791 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

> Respectfully submitted on behalf of the members of the Committee on Consumer Protection & Commerce,

ANGUS L.K. MCKELVEY, Chair



HSCR 192

State of Hawaii House of Representatives The Twenty-seventh Legislature

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB705 (Committee Referral:		Date: 02/04/17	
□ 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)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	V			
2. KAWAKAMI, Derek S.K. (VC)	×,			
3. BELATTI, Della Au				
4. BROWER, Tom				
5. CABANILLA, Rida T.R.				
6. CACHOLA, Romy M.				4
7. CARROLL, Mele	·			
8. EVANS, Cindy				
9. HAR, Sharon E.				
10. ITO, Ken	V			
11. LEE, Chris				
12. TSUJI, Clift				
13. YAMANE, Ryan I.	V			
14. MCDERMOTT, Bob				
15. THIELEN, Cynthia				
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TOTAL (15)	/ 12			3
The recommendation is: Adopted Not Adopted If joint referral,				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				