STAND. COM. REP. NO. 1322

Honolulu, Hawaii

APR 0 5 2013

RE: H.B. No. 791

H.D. 1 S.D. 1

Honorable Donna Mercado Kim President of the Senate Twenty-Seventh State Legislature Regular Session of 2013 State of Hawaii

Madam:

Your Committee on Judiciary and Labor, to which was referred H.B. No. 791, H.D. 1, S.D. 1, entitled:

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

begs leave to report as follows:

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

Your Committee received testimony in support of this measure from the Department of the Attorney General, Hawai'i Alliance of Nonprofit Organizations, and one individual.

Your Committee finds that at common law, directors of corporations have an absolute right of access to corporate records. Although sections of the Hawaii Revised Statutes create a judicially enforceable right for members of membership-based nonprofit corporations to inspect the books and records of the corporation, there is no comparable statutory provision that a director shall have the same reasonable access. This measure authorizes directors of nonprofit corporations to have access to corporate records for proper purposes, ensures meaningful self regulation by directors of nonprofit corporations, and allows directors to adhere to their statutory duty of care.



As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 791, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on behalf of the members of the Committee on Judiciary and

Labor,

CLAYTON HEE, Chair

The Senate Twenty-Seventh Legislature State of Hawai'i

Record of Votes Committee on Judiciary and Labor JDL

Bill / Resolution No.:*	Committee Referral:			Date:	_	
HB791, HD1,501	HDI SOL CPN. JDL		(<u>03-</u>	27-	2013
The committee is reconsidering its previous decision on this measure.						
If so, then the previous decision was to:						
The Recommendation is:						
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313						
Members		Aye	Aye (WF	3)	Nay	Excused
HEE, Clayton (C)						
SHIMABUKURO, Maile S.L. (VC)						
GABBARD, Mike						
IHARA, Jr., Les						~~
SLOM, Sam						/
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TOTAL		3				2
Recommendation: Adopted Not Adopted						
Chair's or Designee's Signature:						
Distribution: Original Yellow Pink Goldenro File with Committee Report Clerk's Office Drafting Agency Committee File						

*Only one measure per Record of Votes