STAND. COM. REP. NO. 315-16

Honolulu, Hawaii March 24, 2016

RE: S.B. No. 2812 S.D. 2 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Eighth State Legislature Regular Session of 2016 State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and Judiciary, to which was referred S.B. No. 2812, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CHARITABLE SOLICITATION,"

beg leave to report as follows:

The purpose of this measure is to amend the charitable solicitation and registration law.

Specifically, this measure:

- Exempts individuals who prepare grant or subsidy applications from the charitable solicitation and registration requirements;
- (2) Requires professional solicitors to make various disclosures at the start of any contribution solicitation;
- (3) Authorizes the Attorney General to require that professional solicitors submit their end of solicitation campaign financial reports electronically;
- (4) Imposes fees for reports not filed in a timely manner;
- (5) Amends late filing penalties labeled as "fines" to "late filing fees"; and



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(6) Expands the charitable organizations that are exempt from registration and financial disclosure requirements.

The Hawaii Alliance of Nonprofit Organizations; Association of Fundraising Professionals Aloha Chapter; and an individual supported this measure. The Department of the Attorney General (Department) offered comments.

Your Committees have amended this measure by:

- Specifying that charitable organizations that do not solicit contributions are not subject to registration;
- Requiring an accounting to each charity by a commercial co-venturer no more than 90 days after any charitable sales promotion;
- Authorizing the Department to issue cease and desist orders and impose administrative fines for to commercial co-venturers for violations;
- (4) Providing for the electronic submission of consent forms signed by both the charitable organization and the commercial co-venturer;
- (5) Clarifying that a charitable organization may submit its financial annual report to the Department within 10 days after it has been filed with the Internal Revenue Service;
- (6) Clarifying that a registered charitable organization must submit an audited financial report if its contributions rather than gross revenue exceeds \$500,000;
- (7) Removing the \$10 annual fee for registered charities with under \$25,000 in gross revenues;
- (8) Clarifying that charitable organizations must apply for and be granted an exemption from registration from the Department;
- (9) Removing the expanded exemption to registration and financial disclosure requirements of licensed hospitals;



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- (10) Authorizing that the Department may require electronic submission of applications for exemption; and
- (11) 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. 2812, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2812, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

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

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KARL RHOADS, Chair

ANGUS L.K. MCKELVEY, Chair



## State of Hawaii House of Representatives The Twenty-eighth Legislature



## **Record of Votes of the Committee on Consumer Protection & Commerce**

[	Bill/Resolution No.:		ee Referral:		Date:	$\gamma$	1211			
	5B 2812 5D2	CPC	-JJUD, 1	FIN		5-0	13-10.			
	□ The committee is reconsidering its previous decision on the measure.									
	The recommendation is to: D Pass, unamended (as is) Pass, with amendments (HD) D Hold									
	Pass short form bill with HD to recommit for future public hearing (recommit)									
	CPC Members	Ň	Ayes	Ayes (WF	R)	Nays	Excused			
	1. McKELVEY, Angus L.K. (C)									
	2. WOODSON, Justin H. (VC)		1							
	3. BELATTI, Della Au									
	4. BROWER, Tom		<u>}</u>							
	5. CREAGAN, Richard P.		· \							
	6. HAR, Sharon E.		$\overline{\mathbf{x}}$							
	7. HASHEM, Mark J.									
	8. KAWAKAMI, Derek S.K.						/			
	9. LEE, Chris									
	10. NAKASHIMA, Mark M.									
	11. OSHIRO, Marcus R.						/			
	12. SAN BUENAVENTURA, Joy A.									
	13. TAKAYAMA, Gregg									
Lave-	14. YAMANE, Ryan I.									
The	15. FUKUMOTO CHANG, Beth									
	16. McDERMOTT, Bob									
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	TOTAL (16)		14	0		0	$\left  \right\rangle$			
	The recommendation is: 🙀 Ado	-	Not Adopted							
	lf joint r	eferral,	did not support recommendation.							
	Vice Chair's or designee's signature:									
	Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pi									

## State of Hawaii House of Representatives The Twenty-eighth Legislature



## Record of Votes of the Committee on Judiciary

Bill/Resolution No.: SB 2812, SD2 CPC/JUD, FIN Date: 03/23/16									
□ 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. RHOADS, Karl (C)									
2. SAN BUENAVENTURA, Joy A. (VC)									
3. BELATTI, Della Au									
4. BROWER, Tom									
5. CREAGAN, Richard P.									
6. HASHEM, Mark J.									
7. KAWAKAMI, Derek S.K.									
8. LEE, Chris									
9. MORIKAWA, Dee	~								
10. NAKASHIMA, Mark M.									
11. TAKAYAMA, Gregg									
12. WOODSON, Justin H.									
13. McDERMOTT, Bob									
14. THIELEN, Cynthia									
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TOTAL (14)	12_			2					
The recommendation is: Adopted If joint referral, did not support recommendation.									
Vice Chair's or designee's signature:									
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO									