

JAN 22 2021

---

---

# A BILL FOR AN ACT

RELATING TO CORPORATIONS.

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

1           SECTION 1. Hawai'i's corporate reporting requirements serve  
2 important interests: providing the shareholders with  
3 information, deterring actual corruption and avoiding any  
4 appearance thereof, and gathering the data necessary to enforce  
5 more substantive electioneering restrictions.

6           The government has an interest in ensuring that  
7 shareholders are informed of corporate affairs. Corporate  
8 reporting obligations provide information to the shareholders  
9 about who is speaking - "information that is vital to the  
10 efficient functioning of the marketplace of ideas, and thus to  
11 advancing the democratic objectives underlying the First  
12 Amendment." *Yamada v. Snipes*, 786 F.3d 1182 (9th Cir. 2015)  
13 (citing, among other cases, *McCutcheon v. Federal Election*  
14 *Comm'n*, 572 U.S. 185, 134 S. Ct. 1434, 1459-60 (2014)). This  
15 transparency enables the shareholders to make informed  
16 decisions. Providing these reports directly to the shareholders  
17 ensures that shareholders will be informed of corporate affairs.



1 Shareholders may also share information with the electorate at  
2 large.

3       Hawai'i's corporate reporting requirements deter actual  
4 corruption and avoid the appearance of corruption by exposing  
5 the source of contributions and expenditures. Providing reports  
6 to shareholders is an important step in deterring actual  
7 corruption by corporations attempting to circumvent reporting  
8 and disclosure requirements. Shareholders may use this  
9 information to file derivative suits.

10       Corporate reporting requirements provide a means of  
11 detecting violations of valid contribution limitations and  
12 preventing circumvention of Hawai'i's campaign spending  
13 limitations, including rules that bar contributions by foreign  
14 corporations. Providing reports to shareholders provides  
15 additional scrutiny of compliance with reporting and disclosure  
16 requirements. Shareholders have a unique interest in analyzing  
17 and scrutinizing corporate expenditures.

18       The purpose of this Act is to require domestic and foreign  
19 corporations to provide their shareholders with reports of  
20 independent expenditures and political contributions. In order  
21 to make the reporting requirement of this Act less burdensome on



1 the corporation, the corporation may use other reports that  
2 contain the pertinent information that is related to independent  
3 expenditures, contributions to noncandidate committees, and  
4 contributions to candidate committees rather than requiring the  
5 corporation to prepare a separate report with the same  
6 information. For example, corporations may provide their  
7 shareholders with copies of the reports filed with the campaign  
8 spending commission. Section 11-321, Hawaii Revised Statutes,  
9 requires corporations that make contributions or expenditures of  
10 over \$1,000 in an election period to register as a noncandidate  
11 committee. Consequently, the information this Act seeks to make  
12 available to the shareholders may already be available elsewhere  
13 and may be used to partially satisfy reporting requirements  
14 under this Act.

15 SECTION 2. Chapter 414, Hawaii Revised Statutes, is  
16 amended by adding a new section to part XVII to be appropriately  
17 designated and to read as follows:

18 "§414- Report to shareholders. (a) All domestic and  
19 foreign corporations authorized to transact business in this  
20 State that make more than \$10,000 of independent expenditures  
21 and contributions in a year shall disclose to their shareholders



1 in an annual report the corporation's independent expenditures  
2 and contributions to any candidate committee or noncandidate  
3 committee. The annual report shall conform to the requirements  
4 of subsection (b) and the resulting report shall be delivered to  
5 shareholders at the same time that the corporation's annual  
6 report is filed pursuant to section 414-472.

7 (b) The foreign or domestic corporation may elect to  
8 report aggregate amounts. The report shall include separate  
9 aggregate totals for independent expenditures, contributions to  
10 noncandidate committees, and contributions to candidate  
11 committees. For each separate aggregate total, the reports  
12 shall include an identification of the specific monetary or  
13 nonmonetary benefit that accrued to the domestic or foreign  
14 corporation as a direct result of independent expenditures,  
15 contributions to noncandidate committees, and contributions to  
16 candidate committees; provided that if the specific monetary or  
17 nonmonetary benefit to the corporation is zero or  
18 unidentifiable, the domestic or foreign corporation shall  
19 specify that the monetary or nonmonetary benefit to the domestic  
20 or foreign corporation is zero or unidentifiable. The  
21 corporation may fulfill the requirements of this subsection by



# S.B. NO. 201

1 delivering other reports that disclose the required information  
2 in more detail to the shareholders.

3 (c) For the purposes of this section:

4 "Contribution" shall have the same meaning as in section  
5 11-302.

6 "Independent expenditure" shall have the same meaning as in  
7 section 11-302."

8 SECTION 3. New statutory material is underscored.

9 SECTION 4. This Act shall take effect upon its approval.

10

INTRODUCED BY: 



# S.B. NO. 201

**Report Title:**

Corporation Reports; Independent Campaign Expenditures and Political Contributions

**Description:**

Requires domestic and foreign corporations to provide their shareholders with reports of independent expenditures and political contributions.

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

