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## A BILL FOR AN ACT

RELATING TO SOLICITATION OF FUNDS FROM THE PUBLIC.

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

1           SECTION 1. The legislature finds that Act 205, Session  
2 Laws of Hawaii 2024 (Act 205), was intended to regulate  
3 charitable fundraising platforms in order to ensure proper and  
4 transparent fundraising activities in the State. Act 205 is  
5 scheduled to take effect on January 1, 2026.

6           However, the legislature finds that Act 205, while well-  
7 intended, has the potential to create undue burdens on  
8 charitable fundraising platforms, which may hamper and inhibit  
9 the ability of charitable organizations to respond to and  
10 fundraise in times of emergency and need.

11           The legislature further finds that it would be prudent to  
12 amend Act 205 before its effective date, while retaining public  
13 protection, donor security, and transparency, and maintaining a  
14 balance that will not burden charitable fundraising platforms,  
15 charitable organizations, and the department of the attorney  
16 general.



1           Accordingly, the purpose of this Act is to amend Act 205  
2 by:

- 3           (1) Reducing undue burdens on charitable fundraising  
4           platforms and platform charities, including  
5           requirements related to good standing, reporting  
6           complaints, waivers of certain requirements,  
7           solicitation campaign records, and contracts; and  
8           (2) Extending its effective date to June 30, 2026.

9           SECTION 2. Act 205, Session Laws of Hawaii 2024, is  
10 amended as follows:

11           1. By amending section 1 to read:

12           "SECTION 1. Chapter 467B, Hawaii Revised Statutes, is  
13 amended by adding a new section to be appropriately designated  
14 and to read as follows:

15           **§467B- Charitable fundraising platforms; platform**  
16 **charities.** (a) Each charitable fundraising platform shall be  
17 subject to the department's supervision for activities regulated  
18 by this section. Before soliciting, permitting, or otherwise  
19 enabling any solicitations for purported charitable purposes, a  
20 charitable fundraising platform shall register with the  
21 department on a form or in a manner as provided by the



1 department. Registrations under this section shall be subject  
2 to an annual report and an annual renewal fee imposed by the  
3 department. Fee revenues from this section shall be deposited  
4 into the solicitation of funds for charitable purposes special  
5 fund.

6 (b) A platform charity shall be subject to the  
7 department's supervision. The platform charity shall register  
8 with the department as a platform charity before conducting  
9 activities regulated by this section[-] and shall only solicit  
10 donations through a registered charitable fundraising platform.

11 (c) Each charitable fundraising platform and platform  
12 charity shall file periodic reports with the department on a  
13 form provided by the department. Reports shall be filed  
14 pursuant to section 467B-12. Each report shall:

15 (1) Enable the department to ascertain whether charitable  
16 funds have been properly solicited, received, held,  
17 controlled, or distributed;

18 (2) Provide information on the number of donations made,  
19 amount raised, length of time for distributing  
20 donations or grants of recommended donations, fees  
21 charged by or through a charitable fundraising



1 platform or platform charity, and names of recipient  
2 charitable organizations or other charitable  
3 organizations that were sent or have not yet been sent  
4 donations or grants of recommended donations; and

5 (3) Protect from disclosure any personally identifiable  
6 information of donors or other users of the charitable  
7 fundraising platform.

8 (d) No platform charity shall facilitate acts of  
9 solicitation on a charitable fundraising platform unless the  
10 platform charity is in good standing.

11 (e) A charitable fundraising platform or platform charity  
12 shall only solicit, permit, or otherwise enable solicitations,  
13 or receive, control, or distribute funds from donations for  
14 purported charitable purposes for recipient charitable  
15 organizations or other charitable organizations in good  
16 standing. To determine good standing of a recipient charitable  
17 organization or other charitable organization, a charitable  
18 fundraising platform or platform charity may rely on electronic  
19 lists periodically published by the Internal Revenue Service,  
20 department of taxation, or department[-]; provided that:



- 1        (1) If a recipient charitable organization is deemed not  
2        in good standing by the department due to a minor  
3        administrative or ministerial deficiency, and not due  
4        to its tax-exempt status being revoked by the Internal  
5        Revenue Service, a charitable fundraising platform or  
6        platform charity may continue to solicit, permit, or  
7        otherwise enable solicitations, or receive, control,  
8        or distribute funds from donations for purported  
9        charitable purposes for the recipient charitable  
10       organization;
- 11       (2) A recipient charitable organization or other  
12       charitable organization deemed not in good standing by  
13       the department due to an administrative or ministerial  
14       deficiency, and not due to its tax-exempt status being  
15       revoked by the Internal Revenue Service, shall take  
16       steps to achieve good standing or compliance to  
17       establish good standing in a manner as required by the  
18       department; and
- 19       (3) Recipient charities that continue to receive funds  
20       from donations for purported charitable purposes after  
21       being deemed not in good standing by the department



1           and that fail to take steps to achieve good standing  
2           within a reasonable period may be subject to penalties  
3           or fines as set forth in this chapter.

4           (f) If the department notifies a charitable organization  
5 that it is not in good standing and is prohibited from  
6 soliciting or operating in the State, the department shall  
7 indicate whether the basis for the prohibition is due to an  
8 administrative or ministerial deficiency.

9           ~~(f)~~ (g) With respect to purported charitable purposes, a  
10 charitable fundraising platform or platform charity that  
11 performs, permits, or otherwise enables solicitation activities  
12 shall, before a person can complete a donation or select or  
13 change a recipient charitable organization, provide conspicuous  
14 disclosures that reduce the likelihood of deception, confusion,  
15 or misunderstanding, including:

16           (1) A statement that donations are made to the charitable  
17 fundraising platform, platform charity, recipient  
18 charitable organization, or person engaging in peer-  
19 to-peer charitable fundraising, whichever is  
20 applicable;



1           (2) A statement that a recipient charitable organization  
2           may not receive donations or grants or recommended  
3           donations, with an explanation identifying the most  
4           pertinent reasons under which a recipient charitable  
5           organization may not receive the funds; provided that  
6           the explanation as to the maximum length of time may  
7           be provided through a conspicuous hyperlink, so long  
8           as the disclosure is conspicuous when the hyperlink is  
9           selected; provided further that this paragraph shall  
10          not apply when there are no circumstances under which  
11          a recipient charitable organization may not receive  
12          the funds;

13          (3) The maximum length of time it will take to send the  
14          donation or a grant of the recommended donation to a  
15          recipient charitable organization with an explanation  
16          of the time needed, unless the donation is sent  
17          contemporaneously to a recipient charitable  
18          organization after the donation is made; provided that  
19          the explanation as to the maximum length of time may  
20          be provided through a conspicuous hyperlink, so long



1 as the disclosure is conspicuous when the hyperlink is  
2 selected;

3 (4) The fees or any other amounts that will be deducted  
4 from or added to the donation or a grant of the  
5 recommended donation and that are charged or retained  
6 by the charitable fundraising platform, platform  
7 charity, or any other partnering vendor, other than  
8 any applicable digital payment processing fees; and

9 (5) A statement as to the tax deductibility of the  
10 donation.

11 [~~(g)~~] (h) Each charitable fundraising platform or platform  
12 charity that solicits, permits, or otherwise enables  
13 solicitations shall obtain the written consent of a recipient  
14 charitable organization before using the recipient charitable  
15 organization's name in a solicitation for a purported charitable  
16 purpose. Written consent shall be provided directly to the  
17 charitable fundraising platform or platform charity, or may be  
18 provided to a charitable fundraising platform or platform  
19 charity by one authorized officer, director, trustee, or other  
20 duly authorized representative of the recipient charitable  
21 organization and may apply to multiple affiliated charitable



1 fundraising platforms expressly identified in the agreement  
2 providing consent.

3       ~~[(h)]~~ (i) After a donor contributes donations and with  
4 respect to purported charitable purposes, the charitable  
5 fundraising platform or platform charity shall promptly provide  
6 a tax donation receipt to the donor in a format determined by  
7 the department.

8       ~~[(i)]~~ (j) The charitable fundraising platform or platform  
9 charity shall not divert or otherwise misuse any donations made  
10 for purported charitable purposes that the charitable  
11 fundraising platform or platform charity receives through  
12 solicitation on the charitable fundraising platform, and shall  
13 hold the donations in a separate account or accounts from other  
14 funds belonging to the charitable fundraising platform or  
15 platform charity. The charitable fundraising platform or  
16 platform charity shall promptly ensure that donations and grants  
17 of recommended donations are sent to the recipient charitable  
18 organizations with an accounting of any fees assessed for  
19 processing the funds, and in accordance with any rules adopted  
20 by the department pursuant to chapter 91. A charitable  
21 fundraising platform and platform charity shall each be



1 ~~[vicariously] liable for [a charitable fundraising platform's]~~  
2 its own misuse of funds[~~, and vice versa~~]. A charitable  
3 fundraising platform shall maintain and operate a process for  
4 complaints about any fundraising activity regulated by this  
5 chapter and shall investigate and make findings on complaints,  
6 and at the request of the department shall report the findings  
7 to the department along with its actions for resolution,  
8 including any full refunds of contributions.

9       ~~[(j)]~~ (k) If a charitable fundraising platform or platform  
10 charity enters into any contract with a vendor to solicit,  
11 receive, control, process, distribute, and otherwise account for  
12 donations on the charitable fundraising platform, the contract  
13 shall be available for inspection by the department.

14       (l) Nothing in this chapter shall prohibit the department  
15 from entering into an agreement with any charitable fundraising  
16 platform to waive any requirements under this chapter when the  
17 charitable fundraising platform properly demonstrates to the  
18 department that its standard operating procedures achieves the  
19 same or similar purposes of transparency, reporting, monitoring,  
20 and accountability.



1            [~~(k)~~] (m) As used in this section, "good standing" means  
2 that a platform charity, recipient charitable organization, or  
3 other charitable organization's tax-exempt status has not been  
4 revoked by the Internal Revenue Service or is not prohibited  
5 from soliciting or operating in the [~~state~~] State by the  
6 department."

7            2. By amending section 16 to read:

8            "SECTION 16. This Act shall take effect on [~~January 1,~~  
9 June 30, 2026."

10           SECTION 3. Section 467B-2.5, Hawaii Revised Statutes, is  
11 amended by amending subsection (c) to read as follows:

12           "(c) A professional solicitor, charitable fundraising  
13 platform, or platform charity shall maintain during each  
14 solicitation campaign and for not less than three years after  
15 the completion of that campaign the following records, which  
16 shall be available for inspection upon demand by the attorney  
17 general:

18           (1) The date and amount of each contribution received and  
19           the name and address of each contributor; provided  
20           that an electronic mail address and internet protocol



1           address shall be sufficient for any contribution  
2           received over the Internet;

3           (2) The name and residence of each employee, agent, or  
4           other person involved in the solicitation;

5           (3) Records of all revenue received and expenses incurred  
6           in the course of the solicitation campaign; and

7           (4) The location and account number of each bank or other  
8           financial institution account in which the  
9           professional solicitor, charitable fundraising  
10          platform, or platform charity has deposited revenue  
11          from the solicitation campaign."

12          SECTION 4. Section 467B-9, Hawaii Revised Statutes, is  
13          amended by amending subsection (d) to read as follows:

14          "(d) No professional solicitor, charitable fundraising  
15          platform, or platform charity, and no agent, employee,  
16          independent contractor, or other person acting on behalf of the  
17          professional solicitor, charitable fundraising platform, or  
18          platform charity, shall solicit in the name of or on behalf of  
19          any charitable organization unless:

20          (1) The professional solicitor [~~, charitable fundraising~~  
21          ~~platform, or platform charity~~] has obtained the



1 written authorization of two officers of the  
2 organization, which authorization shall bear the  
3 signature of the professional solicitor[~~, charitable~~  
4 ~~fundraising platform,~~] or platform charity and the  
5 officers of the charitable organization and shall  
6 expressly state on its face the period for which it is  
7 valid, which shall not exceed one year from the date  
8 of issuance, and has filed a copy of the written  
9 authorization with the attorney general prior to the  
10 solicitation; ~~and~~

11 (2) The professional solicitor[~~, charitable fundraising~~  
12 ~~platform, or platform charity~~] and any person who, for  
13 compensation, acts as an agent, employee, independent  
14 contractor, or otherwise on behalf of the professional  
15 solicitor[~~, charitable fundraising platform, or~~  
16 ~~platform charity,~~] carries a copy of the authorization  
17 while conducting solicitations, and exhibits it on  
18 request to persons solicited or police officers or  
19 agents of the department[~~;~~]; or

20 (3) The charitable fundraising platform or platform  
21 charity has obtained the written consent of a



1           recipient charitable organization pursuant to section  
2           467B- (g)."

3           SECTION 5. Section 467B-12, Hawaii Revised Statutes, is  
4 amended by amending subsection (b) to read as follows:

5           "(b) Each professional solicitor~~[, charitable fundraising~~  
6 ~~platform, or platform charity]~~, at the time of each filing,  
7 shall file with and have approved by the attorney general a bond  
8 in which the applicant is the principal obligor in the penal sum  
9 of \$25,000 issued with good and sufficient surety or sureties  
10 approved by the attorney general and which shall remain in  
11 effect for one year. The bond shall inure to the benefit of the  
12 State, conditioned that the applicant, its officers, directors,  
13 employees, agents, servants, and independent contractors shall  
14 not violate this chapter. A partnership or corporation that is  
15 a professional solicitor~~[, charitable fundraising platform, or~~  
16 ~~platform charity]~~ may file a consolidated bond on behalf of all  
17 its members, officers, and employees."

18           SECTION 6. Section 467B-12.5, Hawaii Revised Statutes, is  
19 amended by amending subsection (a) to read as follows:

20           "(a) There shall be a written contract between a  
21 charitable organization and a professional fundraising counsel,



1 professional solicitor, charitable fundraising platform, or  
2 platform charity that shall be filed by the professional  
3 fundraising counsel, professional solicitor, charitable  
4 fundraising platform, or platform charity with the attorney  
5 general that shall:

6       (1) In the case of a professional fundraising counsel or  
7       professional solicitor, be filed at least ten business  
8       days prior to the performance by the professional  
9       fundraising counsel[7] or professional solicitor[7]  
10       ~~charitable fundraising platform, or platform charity]~~  
11       of any service. No solicitation or service pursuant  
12       to the contract shall begin before the contract is  
13       filed with the attorney general. The contract shall  
14       be signed by two authorized officials of the  
15       charitable organization, one of whom shall be a member  
16       of the organization's governing body, and the  
17       authorized contracting officer for the professional  
18       fundraising counsel[7] or professional solicitor[7]  
19       ~~charitable fundraising platform, or platform charity.~~  
20       ~~The contract shall contain];~~



1        (2) In the case of a charitable fundraising platform or  
2        platform charity, a written contract shall be filed  
3        with the attorney general prior to any fundraising  
4        activity; provided that when a charitable fundraising  
5        platform has a written agreement with a third-party  
6        disbursement intermediary to facilitate transfer of  
7        funds to a recipient charitable organization, a  
8        written contract between a charitable fundraising  
9        platform and a recipient charitable organization shall  
10       not be required to be filed unless ordered by the  
11       department; and  
12       (3) Contain all of the following provisions:  
13                ~~[(1)]~~ (A) The legal name and address of the charitable  
14                                organization;  
15                ~~[(2)]~~ (B) A statement of the charitable purpose for  
16                                which the solicitation campaign is being  
17                                conducted;  
18                ~~[(3)]~~ (C) A statement of the respective obligations of  
19                                the professional fundraising counsel,  
20                                professional solicitor, charitable fundraising



1 platform, or platform charity and the charitable  
2 organization;

3 ~~(4)~~ (D) A statement of the guaranteed minimum  
4 percentage of the gross receipts from  
5 contributions that will be remitted to or  
6 retained by the charitable organization, if any,  
7 or, if the solicitation involves the sale of  
8 goods, services, or tickets to a fundraising  
9 event, the percentage of the purchase price that  
10 will be remitted to the charitable organization,  
11 if any. The stated percentage shall exclude any  
12 amount that the charitable organization is to pay  
13 as fundraising costs;

14 ~~(5)~~ (E) Information concerning the compensation of  
15 the professional solicitor and professional  
16 fundraising counsel as follows:

17 ~~(A)~~ (i) If the compensation of the professional  
18 fundraising counsel, professional solicitor,  
19 charitable fundraising platform, or platform  
20 charity is contingent upon the number of  
21 contributions or the amount of revenue



1 received, a statement shall be included  
2 specifying the percentage of the gross  
3 revenue that is the basis for that  
4 compensation. The stated percentage shall  
5 include any amount that the professional  
6 fundraising counsel, professional solicitor,  
7 charitable fundraising platform, or platform  
8 charity is to be reimbursed for fundraising  
9 costs;

10 [~~(B)~~] (ii) If the compensation of the professional  
11 solicitor, charitable fundraising platform,  
12 or platform charity is not contingent upon  
13 the number of contributions or amount of  
14 revenue received from the solicitation  
15 campaign, the compensation shall be  
16 expressed as a reasonable estimate of the  
17 percentage of the gross revenue, and the  
18 contract shall clearly disclose the  
19 assumptions upon which the estimate is  
20 based. The stated assumptions shall be  
21 based upon all of the relevant facts known



1 to the professional solicitor regarding the  
2 solicitation to be conducted by the  
3 professional solicitor; or  
4 ~~[(C)]~~ (iii) If the compensation of the  
5 professional fundraising counsel, charitable  
6 fundraising platform, or platform charity is  
7 not contingent on the number of  
8 contributions or amount of revenue received  
9 from the solicitation campaign, the  
10 compensation shall be stated in a dollar  
11 amount;  
12 ~~[(6)]~~ (F) The effective and termination dates of the  
13 contract or, if the contract does not have a set  
14 termination date, a clause allowing either party  
15 a reasonable period to terminate the contract or  
16 notify the other party if either party chooses  
17 not to renew. The contract shall also contain  
18 the date services will commence with respect to  
19 solicitation in this State of contributions for a  
20 charitable organization;



1           ~~(7)~~ (G) In the case of a professional fundraising  
 2           counsel, charitable fundraising platform, or  
 3           platform charity, a statement that the  
 4           professional fundraising counsel will not at any  
 5           time have custody or control of contributions, as  
 6           applicable;

7           ~~(8)~~ (H) A statement that the charitable organization  
 8           exercises control and approval over the content  
 9           and volume of any solicitation; and

10          ~~(9)~~ (I) Any other information required by the rules  
 11          of the attorney general."

12          SECTION 7. This Act does not affect rights and duties that  
 13          matured, penalties that were incurred, and proceedings that were  
 14          begun before its effective date.

15          SECTION 8. Statutory material to be repealed is bracketed  
 16          and stricken. New statutory material is underscored.

17          SECTION 9. This Act shall take effect on July 1, 2026.

18

INTRODUCED BY:



JAN 22 2025



# H.B. NO. 1254

**Report Title:**

Donations; Solicitations; Charitable Funding Platforms; Platform Charities; Attorney General

**Description:**

Amends Act 205, SLH 2024, by: reducing undue burdens on charitable fundraising platforms and platform charities, including requirements related to good standing, reporting complaints, waivers of certain requirements, solicitation campaign records, and contracts; and extending its effective date until 6/30/2026. Effective 7/1/2026.

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

