



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2025**

ON THE FOLLOWING MEASURE:

S.B. NO. 1048, S.D. 2, H.D. 1, RELATING TO SOLICITATION OF FUNDS FROM THE PUBLIC.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Monday, March 31, 2025

TIME: 3:15 p.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Kristie Cruz Chang, Deputy Attorney General

Chair Yamashita and Members of the Committee:

The Department of the Attorney General (Department) provides comments in strong support of this bill.

This bill proposes to amend Act 205, Session Laws of Hawaii 2024 (Act 205), to clarify regulatory standards and safeguards in online crowdfunding and change its effective date from January 1, 2026, to July 1, 2026. Enacted in response to concerns over potentially fraudulent online fundraising platforms following the August 2023 Lahaina wildfires, Act 205 requires the Department to regulate the activities of two new entities: charitable fundraising platforms and platform charities.

This bill enhances Act 205 by clarifying standards and safeguards in online crowdfunding, and by addressing concerns about duplicative registration, reporting, and fee requirements for some entities. The Department believes that public and nonprofit entities subject to chapter 467B, Hawaii Revised Statutes (HRS), would benefit from the clarification of regulatory requirements. The bill clarifies the definitions for charitable fundraising platforms and platform charities and to refine registration, reporting, and fee requirements for entities that meet more than one definition under chapter 467B, HRS. Additionally, it updates provisions on prohibited acts, enforcement powers, and remedies under chapter 467B to ensure that charitable fundraising platforms and platform charities are clearly within the Department's enforcement scope.

The Department believes this bill will improve regulatory efficiency and strengthen the Department's ability to regulate charitable fundraising platforms and platform charities, providing stronger donor protections while eliminating duplicative regulatory burdens.

Thank you for the opportunity to provide testimony.



Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

Thank you for the opportunity to testify on SB1048 to amend provisions of Act 205. We have been in regular good faith discussions with the Attorney General's Office (AG) in pursuit of our shared goals of protecting the philanthropic space from misuse while reducing unnecessary burdens on nonprofit organizations.

We testify today in support of SB 1048, which represents a compromise between GoFundMe and the AG based on numerous meetings.

Despite its good intentions, Act 205 poses significant risks to charitable fundraising in Hawaii. As enacted, it will slow down donations, impose unnecessary burdens on charities and platforms, and reduce support for Hawaii residents—especially in times of crisis. These concerns are not hypothetical; we've seen challenges in implementing California's similar bill AB 488, which have resulted in widespread confusion and barriers for the nonprofit community. SB1048, with our suggested changes, provides commonsense fixes to prevent Hawaii from facing the same challenges.

We believe SB1048 addresses many of the concerns raised by Act 205. In summary, we are supportive of the following changes to Act 205, as included in SB1048:

- **Eliminates Ten-Day Waiting Period requirements** for platforms and charities, which would slow down fundraising especially in the wake of a crisis, when every moment counts.
- **Eliminates Bonding Requirement** that poses a significant barrier to nonprofits and platforms.
- **Streamlines reporting requirements** on fundraising platforms to an annual report, rather than ongoing reporting throughout the year.
- **Eliminates vicarious liability provision**, which creates disproportionate risk for platforms to be held liable for the actions of charities.
- **Timeline:** This bill proposes a later effective date of July 1, 2026 to allow time for effective implementation and stakeholder engagement.

We believe this bill **provides necessary fixes to preserve trust in online fundraising while ensuring Hawaii residents continue to receive vital charitable support—especially in times of disaster.** Thank you for the opportunity to provide this testimony.

TO: HOUSE OF REPRESENTATIVES COMMITTEE ON FINANCE
The Honorable Representative Kyle T. Yamashita, Chair
The Honorable Representative Jenna Takenouchi, Vice Chair, and
Members of the Committee

FROM: Micah A. Kāne, CEO & President

RE: Testimony in Support for SB 1048 SD2 HD1, Relating to Solicitation of Funds
from the Public

DATE: Monday, March 31, 2025 at 3:15pm

PLACE: Conference Room 308

The Hawai'i Community Foundation (HCF) supports SB 1048 SD2 HD1 (SB 1048) to amend Act 205. HCF concurs with the intent of Act 205 to minimize the possibility of unscrupulous conduct that could manipulate and deceive philanthropists and donors seeking to aid those in need, especially after disasters like the Maui wildfires. However, the current version of the law risks triggering undue burdens related to the fundraising process.

HCF commends the Department of the Attorney General (Department) for engaging in a collaborative process to recommend common-sense modifications that will allow the Department to administer the law without chilling or delaying fundraising efforts. The current version of SB 1048 provides clarity related to persons that are subject to the law, registration and disclosure requirements, reporting and fees, and enforcement.

Importantly, HCF agrees with the Department that the bill does not propose any amendments that will increase the risk of fundraising fraud within the state.

As a leading charitable organization in Hawaii, HCF recommends passage of SB 1048 because it successfully balances protections for the state and its citizens with standards and safeguards that allow fundraising, including online giving, to continue.