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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 to ensure proper and  
4 transparent fundraising activities in the State.

5       The legislature further finds that Act 205's well-intended  
6 language creates undue burdens on charitable fundraising  
7 platforms and, more importantly, potentially hampers and  
8 inhibits the ability of charitable organizations to respond and  
9 fundraise, especially in times of emergency and need.

10       The legislature additionally finds that it would be prudent  
11 to amend Act 205 before its scheduled effective date of  
12 January 1, 2026, in a manner that would still achieve the  
13 important purposes of public protection, donor security, and  
14 transparency, but not overburden charitable fundraising  
15 platforms, charitable organizations, and the department of the  
16 attorney general, who oversees these activities.



1       Accordingly, the purpose of this Act is to amend the  
2   language in Act 205 to clarify existing standards and safeguards  
3   in online crowdfunding.

4       SECTION 2. Section 467B-2.3, Hawaii Revised Statutes, is  
5   amended as follows:

6       1. By amending its title and subsections (a) and (b) to  
7   read:

8       " ~~[§] 467B-2.3~~ **Charitable fundraising platforms;**  
9   **platform charities.** (a) Each charitable fundraising platform  
10   shall be subject to the department's supervision for activities  
11   regulated by this section. Before soliciting, permitting, or  
12   otherwise enabling any solicitations for purported charitable  
13   purposes, a charitable fundraising platform shall register with  
14   the department on a form or in a manner as provided by the  
15   department. Registrations under this section shall be subject  
16   to an annual report and an annual renewal fee imposed by the  
17   department. Fee revenues from this section shall be deposited  
18   into the solicitation of funds for charitable purposes special  
19   fund.

20       (b) A platform charity shall be subject to the  
21   department's supervision. The platform charity shall register



1 with the department as a platform charity before conducting  
2 activities regulated by this section[-] and shall only solicit  
3 donations through a registered charitable fundraising platform."

4 2. By amending subsection (e) to read:

5 "(e) A charitable fundraising platform or platform charity  
6 shall only solicit, permit, or otherwise enable solicitations,  
7 or receive, control, or distribute funds from donations for  
8 purported charitable purposes for recipient charitable  
9 organizations or other charitable organizations in good  
10 standing. To determine good standing of a recipient charitable  
11 organization or other charitable organization, a charitable  
12 fundraising platform [~~or platform charity~~] may rely on  
13 [~~electronic lists periodically published by the Internal Revenue~~  
14 ~~Service, department of taxation, or department.]~~ the  
15 department's registry."

16 3. By amending subsection (i) to read:

17 "(i) The charitable fundraising platform or platform  
18 charity shall not divert or otherwise misuse any donations made  
19 for purported charitable purposes that the charitable  
20 fundraising platform or platform charity receives through  
21 solicitation on the charitable fundraising platform, and shall



1 hold the donations in a separate account or accounts from other  
2 funds belonging to the charitable fundraising platform or  
3 platform charity. The charitable fundraising platform or  
4 platform charity shall promptly ensure that donations and grants  
5 of recommended donations are sent to the recipient charitable  
6 organizations with an accounting of any fees assessed for  
7 processing the funds, and in accordance with any rules adopted  
8 by the department pursuant to chapter 91. A platform charity  
9 shall be [~~vicariously~~] liable for [~~a charitable fundraising~~  
10 ~~platform's~~] its misuse of funds[, and vice versa]. A charitable  
11 fundraising platform shall maintain and operate a process for  
12 complaints about any fundraising activity regulated by this  
13 chapter and shall investigate and make findings on complaints,  
14 and, at the request of the department, shall report its findings  
15 to the department along with its actions for resolution,  
16 including any full refunds of contributions."

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

19 "(c) A professional solicitor, charitable fundraising  
20 platform, or platform charity shall maintain during each  
21 solicitation campaign and for not less than three years after



1 the completion of that campaign the following records, which  
2 shall be available for inspection upon demand by the attorney  
3 general:

4 (1) The date and amount of each contribution received and  
5 the name and address of each contributor; provided  
6 that an electronic mail address and internet protocol  
7 address shall be sufficient for any contribution  
8 received over the Internet;

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

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

13 (4) The location and account number of each bank or other  
14 financial institution account in which the  
15 professional solicitor, charitable fundraising  
16 platform, or platform charity has deposited revenue  
17 from the solicitation campaign."

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

20 "(d) No professional solicitor, charitable fundraising  
21 platform, or platform charity, and no agent, employee,



1 independent contractor, or other person acting on behalf of the  
2 professional solicitor, charitable fundraising platform, or  
3 platform charity, shall solicit in the name of or on behalf of  
4 any charitable organization unless[+] the charitable fundraising  
5 platform or platform charity has obtained written consent  
6 pursuant to section 467B-2.3(g) or:

7 (1) The professional solicitor[, ~~charitable fundraising~~  
8 ~~platform, or platform charity~~] has obtained the  
9 written authorization of two officers of the  
10 organization, which authorization shall bear the  
11 signature of the professional solicitor[, ~~charitable~~  
12 ~~fundraising platform, or platform charity~~] and the  
13 officers of the charitable organization and shall  
14 expressly state on its face the period for which it is  
15 valid, which shall not exceed one year from the date  
16 of issuance, and has filed a copy of the written  
17 authorization with the attorney general prior to the  
18 solicitation; and

19 (2) The professional solicitor[, ~~charitable fundraising~~  
20 ~~platform, or platform charity~~] and any person who, for  
21 compensation, acts as an agent, employee, independent



1 contractor, or otherwise on behalf of the professional  
2 solicitor, [~~charitable fundraising platform, or~~  
3 ~~platform charity,~~] carries a copy of the authorization  
4 while conducting solicitations, and exhibits it on  
5 request to persons solicited or police officers or  
6 agents of the department."

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

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



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

"(a) There shall be a written contract between a charitable organization and a professional fundraising counsel, professional solicitor, charitable fundraising platform, or platform charity that shall be filed by the professional fundraising counsel, professional solicitor, charitable fundraising platform, or platform charity with the attorney general. In the case of a professional fundraising counsel or professional solicitor, a written contract shall be filed at least ten business days ~~[prior to]~~ before the performance by the professional fundraising counsel~~[,]~~ or professional solicitor~~[,]~~ ~~charitable fundraising platform, or platform charity~~ of any service. No solicitation or service pursuant to the contract shall begin before the contract is filed with the attorney general. The contract shall be signed by two authorized officials of the charitable organization, one of whom shall be a member of the organization's governing body, and the authorized contracting officer for the professional fundraising counsel~~[,]~~ or professional solicitor~~[,]~~ ~~charitable fundraising platform, or platform charity~~. In the case of a charitable fundraising





1 platform or platform charity, a written contract shall be filed  
2 with the attorney general before any fundraising activity. The  
3 contract shall contain all of the following provisions:

4 (1) The legal name and address of the charitable  
5 organization;

6 (2) A statement of the charitable purpose for which the  
7 solicitation campaign is being conducted;

8 (3) A statement of the respective obligations of the  
9 professional fundraising counsel, professional  
10 solicitor, charitable fundraising platform, or  
11 platform charity, and the charitable organization;

12 (4) A statement of the guaranteed minimum percentage of  
13 the gross receipts from contributions that will be  
14 remitted to or retained by the charitable  
15 organization, if any, or, if the solicitation involves  
16 the sale of goods, services, or tickets to a  
17 fundraising event, the percentage of the purchase  
18 price that will be remitted to the charitable  
19 organization, if any. The stated percentage shall  
20 exclude any amount that the charitable organization is  
21 to pay as fundraising costs;



(5) Information concerning the compensation of the professional solicitor and professional fundraising counsel as follows:

(A) If the compensation of the professional fundraising counsel, professional solicitor, charitable fundraising platform, or platform charity is contingent upon the number of contributions or the amount of revenue received, a statement shall be included specifying the percentage of the gross revenue that is the basis for that compensation. The stated percentage shall include any amount that the professional fundraising counsel, professional solicitor, charitable fundraising platform, or platform charity is to be reimbursed for fundraising costs;

(B) If the compensation of the professional solicitor, charitable fundraising platform, or platform charity is not contingent upon the number of contributions or amount of revenue received from the solicitation campaign, the



1 compensation shall be expressed as a reasonable  
2 estimate of the percentage of the gross revenue,  
3 and the contract shall clearly disclose the  
4 assumptions upon which the estimate is based.

5 The stated assumptions shall be based upon all of  
6 the relevant facts known to the professional  
7 solicitor regarding the solicitation to be  
8 conducted by the professional solicitor; or

9 (C) If the compensation of the professional  
10 fundraising counsel, charitable fundraising  
11 platform, or platform charity is not contingent  
12 on the number of contributions or amount of  
13 revenue received from the solicitation campaign,  
14 the compensation shall be stated in a dollar  
15 amount;

16 (6) The effective and termination dates of the contract  
17 or, if the contract does not have a set termination  
18 date, a clause allowing either party a reasonable  
19 period to terminate the contract or notify the other  
20 party if either party chooses not to renew. The  
21 contract shall also contain the date services will



1 commence with respect to solicitation in this State of  
2 contributions for a charitable organization;

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

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

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

13 SECTION 7. Act 205, Session Laws of Hawaii 2024, is  
14 amended by amending section 16 to read as follows:

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

17 SECTION 8. Statutory material to be repealed is bracketed  
18 and stricken. New statutory material is underscored.

19 SECTION 9. This Act shall take effect on July 1, 2050;  
20 provided that section 7 shall take effect on June 29, 2026.



**Report Title:**

Department of the Attorney General; Solicitations of Funds from the Public; Donations; Charitable Funding Platforms; Platform Charities; Registration

**Description:**

Amends Act 205, Session Laws of Hawaii 2024, to clarify standards and safeguards in online crowdfunding. Effective 7/1/2050. (SD2)

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

