

S.B. NO. 3123

JAN 28 2026

A BILL FOR AN ACT

RELATING TO PRIVATE SUPPORT OF EDUCATION.

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

1 SECTION 1. The legislature finds that conditional gifts
2 made for purposes to support private educational efforts,
3 including both schooling and scholarships, promotes learning,
4 access, and academic advancement, and are not intended to create
5 contractual obligations. Treating such awards as contractual
6 obligations may undermine donor intent, discourage charitable
7 giving, and create uncertainty and inconsistent legal treatment
8 of these awards.

9 The legislature further finds that donor-conditioned awards
10 customarily include specified eligibility criteria, such as
11 academic performance minimums, standards of conduct, and
12 enrollment status, and require compliance with the donor's
13 stated requirements for the continuation of the award.

14 The legislature further finds that recognizing and
15 providing guidance about the nature and benefits of these
16 conditional educational gifts is a public purpose, and will
17 preserve and promote donors' intentions, will encourage
18 flexibility, innovation, and additional philanthropic

S.B. NO. 3123

1 educational support across the State for students, and will
2 promote uniform statewide treatment.

3 The legislature finds that private pre-schools and private
4 K-12 schools in Hawaii have long played an important role in the
5 community and that confirming that treating free education and
6 scholarships as gifts will encourage private support for
7 education.

8 The legislature further finds that establishing statewide
9 uniformity in the treatment of private conditional gifts will be
10 beneficial and avoid potentially conflicting treatment for
11 private sponsors of educational programs.

12 The legislature also finds that through this approach,
13 students in private pre-K and K-12 education institutions and
14 students receiving scholarships for such schooling will enjoy
15 stronger support and be able to benefit from these educational
16 resources, opportunities, and activities without the fear of
17 legal penalties for any perceived contractual obligations to the
18 student or the institution.

19 The purpose of the Act is to clarify and establish
20 uniformity regarding the relationship between private schools
21 where no tuition is required, students, and donors concerning
22 educational awards conditioned on donor-specified requirements,

S.B. NO. 3123

1 and to provide that such awards are considered conditional gifts
2 rather than contractual obligations.

3 SECTION 2. The Hawaii Revised Statutes is amended by
4 adding a new chapter to be appropriately designated and to read
5 as follows:

6 **"CHAPTER**

7 **EDUCATIONAL GIFTS**

8 **S -1 Donor-conditioned educational awards;**
9 **conditional gift.** (a) A donor-conditioned educational award
10 for attendance at a private pre-school, elementary, middle, or
11 high school for which no tuition or other monetary consideration
12 is required or paid by the recipient shall be considered to be a
13 conditional gift and not a contract, notwithstanding that the
14 school operator may require the student or the student's parents
15 or guardians to:

16 (1) Pay for any optional extra-curricular benefits, goods,
17 or services;
18 (2) Permit use of the student's name, image, likeness, or
19 work product for non-commercial purposes; or
20 (3) Sign waivers, consents, or similar agreements as a
21 condition of participation in any school-related
22 activity.

S.B. NO. 3123

7 (c) The modification or termination of a donor-conditioned
8 educational award for failure to satisfy the applicable
9 conditions shall not give rise to a contractual claim; provided
10 that the conditions are applied in a manner consistent with the
11 terms of the award and applicable law.

12 (d) As used in this section, "donor-conditioned
13 educational award" means a scholarship, grant, tuition waiver,
14 or similar educational benefit funded in whole or in part by a
15 private donation, endowment, or charitable contribution and
16 subject to donor-imposed conditions.

17 SECTION 3. This Act shall apply only to donor-conditioned
18 educational awards made on or after its effective date.

19 SECTION 4. If any provision of this Act or the application
20 thereof to any person or circumstance is held invalid, the
21 invalidity does not affect other provisions or applications of
22 the Act that can be given effect without the invalid provision

S.B. NO. 3123

1 or application, and to this end the provisions of this Act are
2 severable.

3 SECTION 5. This Act shall take effect upon its approval.

4

5 INTRODUCED BY: Paul N. H.

6 BY REQUEST

S.B. NO. 3123

Report Title:

Educational Gifts; Donor-Conditioned Educational Awards;
Conditional Gifts; Contractual Relationships

Description:

Clarifies that free tuition at private educational institutions are to be considered conditional gifts that support educational advancements rather than contractual obligations.

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

SB. NO. 3123

JUSTIFICATION SHEET

DEPARTMENT: Office of the Governor

TITLE: A BILL FOR AN ACT RELATING TO PRIVATE SUPPORT OF EDUCATION.

PURPOSE: To clarify and establish uniformity regarding the relationship between private schools where no tuition is required, students, and donors concerning educational awards conditioned on donor-specified requirements, and to provide that such awards are considered conditional gifts rather than contractual obligations.

MEANS: Add a new chapter to the Hawaii Revised Statutes titled "Educational Gifts."

JUSTIFICATION: Donor-conditioned educational awards that support private educational efforts are conditional gifts and are not intended to create contractual obligations. Treating such awards as contractual obligations may undermine donor intent, discourage charitable giving, and create uncertainty and inconsistent legal treatment of these awards. This bill clarifies and promotes uniformity regarding the treatment of donor-conditioned educational awards.

Impact on the public: This bill preserves donative intent, promotes uniform statewide treatment of donor-conditioned educational awards, and encourages the continued availability of privately funded educational assistance.

Impact on the department and other agencies:
None.

GENERAL FUND: None.

OTHER FUNDS: None.

SB. NO.3123

PPBS PROGRAM
DESIGNATION: None.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.