

Honolulu, Hawaii

MAY 1 2026

RE: S.B. No. 2471
S.D. 2
H.D. 2
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2471, S.D. 2, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE POWERS OF ARTIFICIAL PERSONS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Reaffirm that artificial persons created under state law possess only those powers that are necessary or convenient to carry out lawful purposes, and that those powers do not include the power to spend money or contribute anything of value to influence elections or ballot measures; and
- (2) Revoke all prior grants of entity powers and regrant only those powers that the State determines to be necessary or



convenient to conduct lawful business under the Hawaii State Constitution and laws of this State.

Your Committee on Conference finds that corporations and other artificial persons exist as a privilege granted by the State and possess only those powers that the Legislature confers. However, since the United States Supreme Court's holding in *Citizens United v. Federal Election Commission*, corporations and other entities have spent large sums of money to influence political campaigns and elections, undermining public trust in the democratic process. The Hawaii State Constitution authorizes the Legislature to redefine or withdraw any corporate or entity powers that the State has conferred. This measure would enhance public confidence in the electoral process by preventing corporations and other artificial persons from using state-conferred privileges to influence elections in the State.

Your Committee on Conference has amended this measure by:

- (1) Replacing language that would have revoked and regranted powers and privileges to certain entities with language that, beginning on January 1, 2027, prohibits certain entities from expending moneys on or participating in any election activity or ballot-issue activity throughout the measure;
- (2) Replacing language that would have established, as the penalty for violations, the forfeiture of an entity's powers and privileges and required the Director of Commerce and Consumer Affairs to adopt certain enforcement rules with language that establishes penalties pursuant to provisions in the measure that would authorize the Attorney General and the Director of Commerce and Consumer Affairs to impose certain penalties or bring an action, as applicable, for an ultra vires act by a certain entity throughout the measure;
- (3) Inserting language in relation to foreign entities throughout the measure to clarify that:
 - (A) A foreign entity shall have no greater rights or privileges than, and shall be subject to the same duties, restrictions, penalties, and liabilities as, a domestic entity; and



- (B) If the provisions in the measure relating to foreign entities are held for any reason invalid by a court of competent jurisdiction or determined to be unenforceable in the opinion of the Attorney General, then the measure shall be deemed invalid and have no force or effect;
- (4) Deleting language that would have clarified that the provisions in the measure shall not be construed to invalidate, impair, or modify any existing contract, debt instrument, security, or other legal obligation validly entered into before January 1, 2027, throughout the measure;
- (5) Inserting language in both Titles 23 and 23A, Hawaii Revised Statutes, that authorizes the Attorney General and the Director of Commerce and Consumer Affairs to address an ultra vires act by an entity organized or authorized to transact business in the State by imposing penalties or bringing an action, as applicable, through:
 - (A) Temporary suspension of the entity's authority to operate in the State, transact business in the State, or otherwise exercise its lawful purposes in the State;
 - (B) Prohibition of the entity from entering into or continuing in a state public procurement contract pursuant to chapter 103D, Hawaii Revised Statutes;
 - (C) Revocation of the entity's state tax exempt status, as applicable;
 - (D) Designation of the entity as a non-compliant entity or requirement of additional reporting;
 - (E) Revocation of the entity's charter, certificate, or other instrument authorizing the entity to operate in the State, transact business in the State, or otherwise exercise its lawful purposes in the State; and
 - (F) Involuntary dissolution of the entity in the State;
- (6) Clarifying that a power, privilege, or capacity that the measure does not confer, recognize, or extend or that the



measure withdraws or clarifies to be outside the powers of an artificial person may not be reviewed, revived, reinstated, implied, or deemed conferred by operation of law or judicial construction;

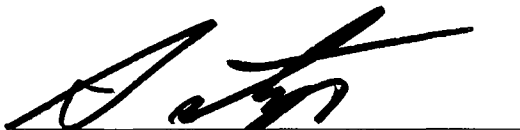
- (7) Amending section 1 to reflect its amended purpose;
- (8) Inserting an effective date of January 1, 2027; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2471, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2471, S.D. 2, H.D. 2, C.D. 1.


Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

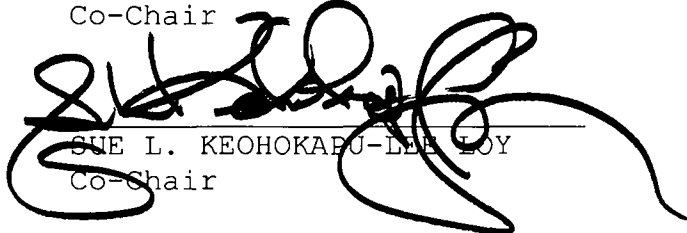
ON THE PART OF THE SENATE


SCOT Z. MATSUMOTO
Co-Chair


JANET KEOHOKALOLE
Chair


DAVID A. TARNAS
Co-Chair


KARL RHOADS
Co-Chair


SUE L. KEOHOKAPU-LEE LOY
Co-Chair



Hawai'i State Legislature

Record of Votes of a
Conference Committee

CCR 238-26

Bill / Concurrent Resolution No.: SB 2471 SD2 HD2	Date/Time: 5/1/26 5:59 pm
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
Keolu Kalo, chair	✓				Matayoshi, CHAIR	✓			
Roads, CO-CHAIR	✓				Tarnas, CO-CHAIR	✓			
Fukunaga				✓	Kohokapu-Lee Loy, CO-CHAIR	✓			
McKelvey				✓	Perruso				✓
Awo	✓				Pierick				✓
TOTAL	3	-	-	2	TOTAL	3	-	-	2

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is:
 Adopted Not Adopted

House Recommendation is:
 Adopted Not Adopted

Senate Lead Chair's or Designee's Signature:


House Lead Chair's or Designee's Signature:


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File with Conference Committee Report *House Clerk's Office* *Senate Clerk's Office* *Drafting Agency*