

STAND. COM. REP. NO. **2129**-26

Honolulu, Hawaii

APR 10, 2026

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

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

Madame:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred S.B. No. 2471, S.D. 2, H.D. 1, entitled:

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

begs leave to report as follows:

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 business and organizational 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 corporate and entity powers and regrant only those powers that the State determines to be necessary or convenient to conduct lawful business under the constitution and laws of the State.

Your Committee received testimony in support of this measure from the State Health Planning and Development Agency; We Are One, Inc.; Imua Alliance; Green Party of Hawai'i; Environmental Caucus of the Democratic Party of Hawai'i; Democratic Party of Hawai'i;

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Kona Indivisible; Americans for Democratic Action, Hawaii Chapter; Maui Indivisible; Restore the Commons; Indivisible Hawai'i; Greenpeace Hawaii; Hawaii Reef and Ocean Coalition; Climate Protectors Hawaii; Hawai'i Public Health Institute; Locals In My Backyard Hawai'i; Center for American Progress; and numerous individuals. Your Committee received testimony in opposition to this measure from the Department of the Attorney General; Hawaii Building & Construction Trades Council, AFL-CIO; The Plumbers and Fitters UA Local 675; International Union of Painters and Allied Trades, District Council 50; and three individuals. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that corporations and other artificial persons exist as a privilege granted by the State and possess only those powers that the Legislature affirmatively confers. Broad statutory grants of corporate powers have been interpreted to permit political spending that was never intended to be included within the scope of powers necessary or convenient to conduct lawful business or organizational activities. This measure seeks to reinforce democratic accountability and ensure that election related activities remain the province of individuals and entities expressly created for that purpose.

Your Committee notes that, in its written testimony, the Department of Commerce and Consumer Affairs indicated that the regulatory and enforcement duties imposed by this measure would require additional personnel. Accordingly, the Department stated that the establishment of new positions and a general fund appropriation would be necessary to carry out its responsibilities under this measure.

Your Committee further notes that, in its written testimony, the Department of the Attorney General expressed concerns that the measure would be subject to constitutional challenge on two bases. First, by selectively stripping corporations of the power to engage only in election- and ballot-related speech, while permitting other speech, the measure constitutes a content-based restriction under the First Amendment and would be subject to the strict scrutiny standard of review. The strict scrutiny standard of review is the highest, most stringent standard of judicial review used by courts to determine the constitutionality of government actions.



Second, this measure effectively conditions continued access to state-granted corporate benefits on refraining from constitutionally protected political activity, raising a significant unconstitutional conditions concern. Under the unconstitutional conditions doctrine, the government normally may not require a person, as a condition of receiving a public benefit, to relinquish a constitutional right.

Despite these concerns, your Committee believes the issues addressed in this measure are important and merit further discussion.

Accordingly, your Committee has amended this measure by:

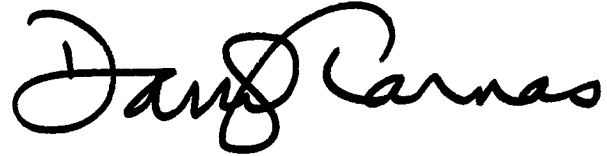
- (1) Inserting definitions for "candidate", "political committee", and "political party";
- (2) Clarifying that a limited liability partnership that engages in election activity or ballot-issue activity forfeits its statement of qualifications as a matter of law;
- (3) For limited liability companies, specifying that:
 - (A) Any provision of an articles of organization that purports to grant or confer any power to engage in election activity or ballot-issue activity is void;
 - (B) Any act that constitutes election activity or ballot-issue activity is ultra vires and void;
 - (C) Charter privileges are forfeited if a limited liability company engages in election activity or ballot-issue activity;
 - (D) Foreign limited liability companies are also subject to the provisions of this measure;
 - (E) Nothing in this measure is to be construed to invalidate, impair, or modify any existing contract, debt instrument, security, or other legal obligation validly entered into before January 1, 2027; and



- (F) The provisions relating to limited liability companies are severable and no prior grant of power is revived, reinstated, or implied by operation of law or judicial construction; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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

Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,



DAVID A. TARNAS, Chair



