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Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committee on Commerce and Consumer Protection
Tuesday, February 3, 2026
9:31 a.m.
Via Videoconference

On the following measure: **S.B. 2829, RELATING TO THE POWERS OF ARTIFICIAL PERSONS**

Chair Keohokalole and Members of the Committee:

My name is Ty Nohara, and I am the Commissioner of Securities and head of the Department of Commerce and Consumer Affairs' (Department) Business Registration Division (BREG). The Department offers comments on this bill.

The purpose of this bill is to reaffirm that artificial persons, such as corporations, limited liability companies, partnerships, and associations, are entities created under state law and possess only those powers that are necessary or convenient to carry out lawful activities, which do not include election or ballot-issue activity. To that end, this bill seeks to amend chapters 414, 414D, 425E, and 428 of the Hawaii Revised Statutes (HRS), and to add a new chapter 429,¹ to revoke all prior grants of corporate and entity powers and regrant specific powers, excluding the power to spend money or contribute anything of value to influence elections or ballot measures. This bill also provides that

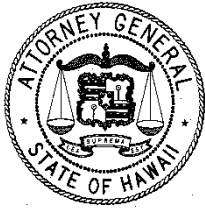
¹ The proposed HRS chapter 429 will apply to unincorporated nonprofit associations,

the Department shall adopt rules for administrative forfeiture, reinstatement upon disgorgement and certification of compliance, and related civil enforcement.

1. BREG's current authority is to register business entities and to file the documents delivered by an entity, if (a) the documents meet the statutory requirements for filing, and (b) the entity pays the required fees. Thus, BREG's duties are purely ministerial, and BREG has no regulatory or enforcement authority over an entity's activities. That task is the responsibility of other governmental bodies and regulatory agencies. Instead, under the HRS chapters pertaining to each type of business entity, BREG has limited authority only to terminate an entity's registration, and only for specific grounds. For example, BREG may administratively dissolve a business entity that has failed to: a) pay the required fees, b) file its annual report for a period of two years, c) appoint and maintain an agent for service of process, or d) file a statement of a change in the name or address of the agent.
2. If BREG's duties are to be expanded pursuant to this bill, new rules must also be adopted, procedures must be implemented, and BREG's existing forms for each type of entity must be revised, and/or new forms created.
3. BREG handles a high volume of documents on a daily basis. While the user experience appears simple and straightforward, the myriad documents and transactions that BREG processes are supported by a highly complex "back end" management and documents processing system. The civil enforcement and other duties contemplated by this bill will not only require revisions to BREG's forms, but also necessitate system adjustments related to the revised or new forms. Therefore, BREG respectfully requests an appropriation to contract for the needed services.
4. This bill will require the establishment of new positions to perform regulatory and enforcement duties. Thus, an appropriation will also be needed to hire and train additional staff.

5. Based on the need to adopt administrative rules, establish procedures, revise existing forms and/or prepare new forms, complete the necessary system adjustments, and create and fill new positions, BREG respectfully requests that this bill's effective date be deferred to a later date beyond 1/1/2027.

Thank you for the opportunity to testify on this bill.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2026**

ON THE FOLLOWING MEASURE:

S.B. NO. 2829, RELATING TO THE POWERS OF ARTIFICIAL PERSONS.

BEFORE THE:

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

DATE: Tuesday, February 3, 2026 **TIME:** 9:31 a.m.

LOCATION: State Capitol, Room 229

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Ashley M. Tanaka, or Christopher J.I. Leong,
Deputy Attorneys General

Chair Keohokalole and Members of the Committee:

The Department of the Attorney General provides the following comments.

The purpose of this bill is to restrict the power of "artificial persons" created under state law by prohibiting corporations and other associations from spending money or contributing anything of value to influence elections or ballot measures. This bill also deems any election activity and ballot-issue activity as ultra vires and void, and orders the forfeiture of all charter privileges as the penalty for exercising prohibited political spending powers.

It is the Department of the Attorney General's duty to advise on the constitutionality of legislation. While a great many Americans strongly disagree with the U.S. Supreme Court's holding in Citizens United v. Fed. Election Comm'n, 558 U.S. 310 (2010), under our federal system of government, it is our duty to state that this opinion remains the law of the land, irrespective of its merits (or lack thereof). In Citizens United, the United States Supreme Court rejected the argument that political speech of corporations or other associations should be treated differently under the First Amendment simply because such associations are not "natural persons." The underlying rationale for the Court's holding that corporations have the right to speech through political campaign donations is that they are "associations" of individuals. The Court further explained that by banning corporate expenditures, "certain disfavored

associations of citizens—those that have taken on the corporate form—are penalized for engaging in the same political speech." *Id.* at 356. Although states have the authority to determine what powers a corporation has, if a state tries to remove a corporation's power to engage in election activity or ballot-issue activity, under *Citizens United*, a state would then be attempting to take away a corporation's right to speak.

This bill also removes only speech related to elections and ballot initiatives from a corporation's powers, while permitting a corporation to retain its ability to speak in other contexts. Such a content-based speech restriction that disfavors political speech would subject this to strict scrutiny review for a violation of the First Amendment, which would require the government to prove that the restriction furthers a compelling interest and is narrowly tailored to achieve that interest.

This bill is also vulnerable to an unconstitutional conditions challenge, in effectively permitting a corporation to keep certain state-granted benefits only if it gives up its power to engage in election activity or ballot-issue activity, a power that a corporation is otherwise entitled to under the First Amendment.

While the Department sympathizes greatly with the frustration with federal caselaw on this subject, this bill raises serious constitutional concerns and substantial adverse litigation risk should it pass into law. Thank you for the opportunity to provide comments.

SB-2829

Submitted on: 2/1/2026 7:15:01 AM

Testimony for CPN on 2/3/2026 9:31:00 AM

Submitted By	Organization	Testifier Position	Testify
Henry Curtis	Testifying for Life of the Land	Support	Written Testimony Only

Comments:

Aloha Senators

Please pass this bill baning corporate influence in elections

Mahalo

LATE



FEBRUARY 3, 2026

SENATE BILL 2829

CURRENT REFERRAL: CPN

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Director

Corey Rosenlee,
Director

Amy Zhao,
*Policy and Partnerships
Strategist*

POSITION: SUPPORT

Imua Alliance supports SB 2829, relating to the powers of artificial persons, which reaffirms that artificial persons created under state law possess only those powers that are necessary or convenient to carry out lawful business and charitable or 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; revokes all prior grants of corporate and entity powers and regrants only those powers that the state determines to be necessary or convenient to conduct lawful business under the constitution and laws of this state.

Imua Alliance is a Hawai'i-based organization dedicated to ending all forms of exploitation, including corporate interference in our democracy. This measure reaffirms that artificial persons (including corporations, LLCs, and other business entities) possess only those powers granted by the state, and that the power to spend money on elections or ballot measures is not among them.

SB 2471 acknowledges that political power in Hawai'i is inherent in the people, not artificial corporations. Under Article I, Section 21 of the Hawai'i Constitution, no grant of special privileges or immunities is irrevocable, and the legislature retains full authority to define or withdraw powers it has conferred on corporations or other entities. This bill explicitly removes prior corporate powers that have been broadly interpreted to include political spending and regrants only those powers necessary for the conduct of lawful business.

For decades, the U.S. Supreme Court's decision in *Citizens United v. Federal Election Commission* has enabled corporations and other artificial entities to pour vast sums of money into elections, exposing deep imbalances in political influence and undermining public trust in democratic governance. *Citizens United* held that certain political expenditures are

protected speech under the First Amendment, effectively prioritizing corporate spending over individual voter voices. This measure's finding recognizes that these political spending powers were never intended to be among the powers granted to artificial persons by the state.

SB 2471 offers a systemic and forward-looking framework grounded in corporate law and constitutional theory. The Center for American Progress (CAP) has articulated a novel approach that states can adopt: "Corporations are creatures of state law. They start with zero powers, and states choose which powers to grant."

CAP explains that if a state rewrites its corporate statutes to remove the power to spend money in elections, "that power simply does not exist. And without the power, there's no right to protect." This approach leverages state authority over corporate charters to address the root of corporate political influence, potentially sidestepping constitutional barriers that have limited campaign finance reforms since *Citizens United*.

SB 2471 builds on this framework by redefining corporate powers in Hawai'i law to exclude campaign spending and electioneering, thereby structurally rebalancing political power between people and corporate entities. This approach is particularly important in an era of dark money, foreign-influenced corporate ownership, and multinational corporations capable of spending extraordinary sums to shape public policy outcomes.

By revoking prior grants of corporate political power and reaffirming the State's authority, this proposal would reduce the outsized influence of special interest money in Hawai'i policymaking. It clarifies that election expenditure powers are not inherent business matters, and that acts undertaken in violation of this principle are invalid and void.

Passage of SB 2471 can help ensure that political speech and influence in Hawai'i remain grounded in the voices of individuals and communities, rather than being dominated by corporate treasuries. It is a bold, but principled affirmation of democratic governance, responsive to decades of real-world concerns about corporate political influence, dark money, and the erosion of public confidence in electoral integrity.

With aloha,

Kris Coffield

President, Imua Alliance

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Committee on Commerce and Consumer Protection
Chair Jarrett Keohokalole, Vice Chair Carol Fukunaga
Tuesday, February 3, 2026 9:30 AM HST
Conference Room 229 & Videoconference State Capitol
SB2829 – Relating to the Powers of Artificial Persons

TESTIMONY

Gabriela Schneider, Legislative Committee, League of Women Voters of Hawaii

Chair Keohokalole, Vice Chair Fukunaga, and Committee Members:

The League of Women Voters of Hawaii supports SB2829, which reaffirms that artificial persons created under Hawaii law possess only those powers that are necessary or convenient to carry out lawful business and charitable or 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. SB2829 would minimize undue corporate influence in Hawaii's elections. We also comment on the need to support the capacity to oversee the implementation of the legislation.

The League has consistently opposed unlimited corporate political spending. In 2009, we filed an amicus brief against *Citizens United v. FEC* in order to protect elections from the financial power of wealthy corporations. We argued then, and maintain now, that the concentrated economic power of corporations poses a fundamental threat to democratic self-government.

The innovative approach that SB2829 employs of using the state's corporate chartering authority rather than traditional campaign finance regulation aligns with this principled position. If corporate political spending powers are never granted in the first place, they cannot be exercised. This strategy sidesteps the legal barriers that have frustrated campaign finance reform efforts nationwide.

We comment that businesses incorporated in Hawaii will need outreach and education to comply with this legislation. It seems to us that logically this would be assigned to the Campaign Spending Commission, along with compliance monitoring. If that is the case, the budget for the Campaign Spending Commission will need to be increased to accommodate this new responsibility.

We support SB2829's groundbreaking effort to restore elections to the people of Hawaii.

Mahalo for your consideration.

LEAGUE OF WOMEN VOTERS OF HAWAII
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Testimony to the Senate Committee on Commerce & Consumer Protection
Friday, February 21, 2025
Conference Room 016

To: The Honorable Jarrett Keohokalole, Chair
The Honorable Carol Fukunaga, Vice-Chair
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League (HCUL), the local trade association for 45 Hawaii credit unions, representing over 879,000 credit union members across the state.

HCUL offers the following comments on SB 2829, Relating to Powers of Artificial Persons. This bill would make any state-chartered corporation, limited liability company, limited partnership, limited liability partnership, cooperative, nonprofit, or other association lack the legal capacity to make expenditures or contributions in connection with elections or ballot measures.

HCUL appreciates the Legislature's role in defining the legal framework under which state-chartered entities operate. Credit unions are not-for-profit, member-owned financial cooperatives whose primary mission is to serve their members' financial needs. Broad statutory changes affecting the "powers of artificial persons" may have unintended consequences for the normal governance, advocacy, and educational activities of credit unions that are unrelated to elections or partisan political activity.

If the Legislature proceeds with changes in this area, it would be helpful to include clear safe harbors confirming that routine member communications, financial education, issue advocacy related to consumer financial services, and participation in the legislative process (such as testimony on bills) remain permissible activities for cooperative financial institutions.

Thank you for the opportunity to provide comments on this important issue.

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SB-2829

Submitted on: 2/2/2026 12:05:37 PM

Testimony for CPN on 2/3/2026 9:31:00 AM

Submitted By	Organization	Testifier Position	Testify
Ross Isokane	Individual	Support	Written Testimony Only

Comments:

I support this bill. Corporations have way too much power and resources. And their duty is to maximize shareholder returns. Without laws like this, they exert massive amounts of influence on public policy and this often leads to misaligned priorities and bad outcomes for the public welfare.