THE SENATE
THIRTY-THIRD LEGISLATURE, 2025
STATE OF HAWAII

# S.B. NO. 57

JAN 15 2025

# A BILL FOR AN ACT

RELATING TO CORPORATIONS.

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

SECTION 1. The legislature finds that Hawai'i's corporate reporting requirements serve important interests: providing shareholders with information, deterring actual corruption and avoiding any appearance thereof, and gathering the data necessary to enforce more substantive electioneering restrictions.

The legislature further finds that the State has an interest in ensuring that shareholders are informed of corporate affairs. Corporate reporting obligations provide information to shareholders "about who is speaking - 'information that is vital to the efficient functioning of the marketplace of ideas, and thus to advancing the democratic objectives underlying the First Amendment.'" *Yamada v. Snipes*, 786 F.3d 1182, 1197 (9th Cir. 2015) (*quoting Human Life of Washington, Inc. v. Brumsickle*, 624 F.3d 990 (9th Cir. 2010)). This transparency enables shareholders to make informed decisions. Providing annual reports directly to shareholders ensures that shareholders will

be informed of corporate affairs. Shareholders may also share information with the electorate at large.

Hawai'i's corporate reporting requirements deter actual corruption by corporations attempting to circumvent reporting and disclosure requirements and enable corporations to avoid the appearance of corruption by exposing the source of contributions and expenditures. Shareholders may use this information to file derivative suits.

Corporate reporting requirements provide a means of detecting violations of valid contribution limitations and preventing circumvention of Hawai'i's campaign spending limitations, including rules that bar contributions by foreign corporations. Providing reports to shareholders provides additional scrutiny of compliance with reporting and disclosure requirements. Shareholders have a unique interest in analyzing and scrutinizing corporate expenditures.

Accordingly, the purpose of this Act is to require domestic and foreign corporations to provide their shareholders with reports of independent expenditures and political contributions.

SECTION 2. Chapter 414, Hawaii Revised Statutes, is amended by adding a new section to part XVII to be appropriately designated and to read as follows:

"**§414- Report to shareholders; independent expenditures; political contributions.** (a) All domestic and foreign corporations authorized to transact business in the State that make more than $10,000 of independent expenditures and contributions in a year shall disclose to their shareholders in an annual report the corporation's independent expenditures and contributions to any candidate committee or noncandidate committee. The annual report shall conform to the requirements of subsection (b), and the resulting report shall be delivered to shareholders at the same time that the corporation's annual report is filed pursuant to section 414-472.

(b) The domestic or foreign corporation may elect to report aggregate amounts. The report shall include separate aggregate totals for independent expenditures, contributions to noncandidate committees, and contributions to candidate committees. For each separate aggregate total, the report shall include an identification of the specific monetary or nonmonetary benefit that accrued to the domestic or foreign

corporation as a direct result of independent expenditures, contributions to noncandidate committees, and contributions to candidate committees; provided that the domestic or foreign corporation shall disclose each specific monetary or nonmonetary benefit to the domestic or foreign corporation that is zero or unidentifiable. The corporation may fulfill the requirements of this subsection by delivering other reports that disclose the required information in more detail to shareholders, including reports filed with the campaign spending commission.

(c) For the purposes of this section:

"Candidate committee" shall have the same meaning as defined in section 11-302.

"Contribution" shall have the same meaning as defined in section 11-302.

"Independent expenditure" shall have the same meaning as defined in section 11-302.

"Noncandidate committee" shall have the same meaning as defined in section 11-302."

SECTION 3. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

INTRODUCED BY: _____

# S.B. NO. 57

**Report Title:**
Corporation Reports; Independent Campaign Expenditures and Political Contributions

**Description:**
Requires domestic and foreign corporations to provide their shareholders with reports of independent expenditures and political contributions.

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