THE SENATE
THIRTY-THIRD LEGISLATURE, 2025
STATE OF HAWAII

S.B. NO. 603 S.D. 1

A BILL FOR AN ACT

RELATING TO VETERANS.

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

SECTION 1. The legislature acknowledges the risk of misleading or unfair practices associated with the services associated with veterans benefits matters, and emphasizes the necessity of requirements and restrictions to protect veteran consumers from potential exploitation.

Accordingly, the purpose of this Act is to establish provisions governing any person who receives compensation for advising, assisting, or consulting any individual with veterans benefits who is not otherwise regulated under federal law.

SECTION 2. Chapter 363, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

"PART . VETERANS BENEFITS

§363- Prohibitions. (a) No person shall receive compensation for referring any individual to another person for the purpose of receiving advice, assistance, or consultation with regard to any veterans benefits matter.

(b) Before rendering any services, a person seeking to receive compensation for advising, assisting, or consulting with any individual in connection with a veterans benefits matter shall memorialize, in a written agreement signed by both parties, the specific terms under which the amount to be paid will be determined. Compensation shall be purely contingent upon an increase in benefits awarded, and if successful, compensation shall not exceed five times the amount of the monthly increase in benefits awarded based on the claim. No initial or nonrefundable fee shall be charged by the person advising, assisting, or consulting an individual on a veterans benefits matter.

(c) No person shall receive compensation for any services rendered in connection with any claim filed within the one-year presumptive period of active-duty release, unless the veteran acknowledges by signing a waiver that the veteran is within the one-year presumptive period and chooses to deny free services available to the veteran.

(d) No person shall guarantee, either directly or by implication, a successful outcome or that any individual is certain to receive specific veterans benefits or that any

individual is certain to receive a specific level, percentage, or amount of veterans benefits.

(e) No person shall receive excessive or unreasonable fees as compensation for advising, assisting, or consulting any individual with any veterans benefits matter.

(f) Nothing in this section shall be construed as prohibiting a division of fees between attorneys that is otherwise proper under the Hawaii rules of professional conduct.

§363- Disclosure. (a) Any person advising, assisting, or consulting on veterans benefits matters for compensation shall provide the following disclosure at the outset of the business relationship:

"THIS BUSINESS IS NOT SPONSORED BY, OR AFFILIATED WITH, THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS OR THE HAWAII DEPARTMENT OF DEFENSE, HAWAII OFFICE OF VETERANS' SERVICES, OR ANY OTHER FEDERALLY CHARTERED VETERANS SERVICE ORGANIZATION. OTHER ORGANIZATIONS, INCLUDING BUT NOT LIMITED TO THE HAWAII DEPARTMENT OF DEFENSE, HAWAII OFFICE OF VETERANS' SERVICES, YOUR LOCAL COUNTY VETERANS SERVICE AGENCY, AND OTHER FEDERALLY CHARTERED VETERANS SERVICE ORGANIZATIONS, MAY BE ABLE TO PROVIDE YOU WITH THIS SERVICE FREE OF CHARGE. PRODUCTS OR SERVICES

OFFERED BY THIS BUSINESS ARE NOT NECESSARILY ENDORSED BY ANY OF THESE ORGANIZATIONS. YOU MAY QUALIFY FOR OTHER VETERANS BENEFITS BEYOND THE BENEFITS FOR WHICH YOU ARE RECEIVING SERVICES HERE."

(b) The written disclosure required by subsection (a) shall appear in at least twelve-point font and shall appear in an easily identifiable place in the person's agreement with the individual seeking services. The individual shall sign the document where the written disclosure appears to represent understanding of the provisions. The person offering services shall retain a copy of the written disclosure while providing veterans benefits services for compensation to the individual and for at least one year after the date on which the services terminate.

§363- Advertising. Businesses advising, assisting, or consulting on veterans benefits matters for a fee shall adhere to the following:

(1) Businesses shall not utilize international call centers or data centers for processing a veteran's personal information;

(2) Businesses shall not use a veteran's personal login, username, or password information to access that veteran's medical, financial, or government benefits information; and

(3) Businesses shall ensure that any individual who has access to a veteran's medical, financial, or government benefits information undergoes a background check before having access to the information; provided that the background check shall be conducted by a reputable source and include identity verification and a criminal records check.

§363- Penalty. A violation of this part shall be an unfair or deceptive act or practice under chapter 481A and a violation of section 480-2."

SECTION 3. Chapter 363, Hawaii Revised Statutes, is amended by designating sections 363-1 to 363-13 as part I, entitled "General Provisions".

SECTION 4. Section 363-1, Hawaii Revised Statutes, is amended by adding three new definitions to be appropriately inserted and to read as follows:

""Compensation" means any money, thing of value, or economic benefit conferred on, or received by, any person in return for services rendered, or to be rendered, by the person or another.

"Person" means any natural person, corporation, trust, partnership, incorporated or unincorporated association, or any other legal entity.

"Veterans benefits matter" means the preparation, presentation, or prosecution of any claim affecting any person who has filed or expressed an intent to file a claim for any benefit, program, service, commodity, function, status, or entitlement where the veteran, their dependents, their survivors, or any other individual are eligible under the laws and regulations administered by the United States Department of Veterans Affairs or the office of veterans' services."

SECTION 5. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 6. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 7. This Act shall not be applied so as to impair any contract existing as of the effective date of this Act in a manner violative of either the Hawaii State Constitution or Article I, Section 10 of the United States Constitution.

SECTION 8. Nothing in this Act shall be construed to apply to, limit, or expand the requirements imposed on an agent, attorney, or other representative accredited and regulated by the United States Department of Veterans Affairs.

SECTION 9. New statutory material is underscored.

SECTION 10. This Act shall take effect on July 1, 2077.

S.B. NO. 603 S.D. 1

Report Title:
Veterans Rights and Benefits; Advisors; Compensation; Disclosures; Penalties

Description:
Establishes provisions governing any person who receives compensation for advising, assisting, or consulting another person with veterans benefits. Effective 7/1/2077. (SD1)

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