

Honolulu, Hawaii

MAR 30 , 2026

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

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

Madame:

Your Committee on Consumer Protection & Commerce, to which
was referred S.B. No. 2471, S.D. 2, 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 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 Hawaii State Constitution and laws of the State.

Your Committee received testimony in support of this measure from the Center for American Progress; Imua Alliance; League of Women Voters of Hawaii; Kona Indivisible; Indivisible Hawai'i;



Hawai'i Alliance for Progressive Action; Green Party of Hawai'i; Hawai'i Public Health Institute; and numerous individuals. Your Committee received testimony in opposition to this measure from the Department of the Attorney General and one individual. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs and Hawaii Credit Union League.

Your Committee finds that *Citizens United v. Federal Election Commission*, 558 U.S. 310 (2010), 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. The decision relied on the rationale that artificial entities have the right to speech through political campaign donations because the entities are associations of individuals.

Your Committee further finds that artificial entities are creatures created by and empowered under the laws of the State. Accordingly, the State retains the authority to restrict the powers granted to artificial entities, including their asserted constitutional rights.

Your Committee notes that the Attorney General has expressed concerns that this measure would likely be susceptible to challenge under the existing First Amendment framework. While states have the authority to determine the powers artificial entities possess, courts could view a state's attempt to remove these entities' ability to engage in election activity or ballot-issue activity as a state's attempt to deprive individuals of the right to speak through an association.

Your Committee further notes that the Attorney General has also noted that this measure would be subject to the highest level of scrutiny because it restricts only election- and ballot-related speech while permitting other forms of expression. The Attorney General further noted concerns regarding the application of this measure to foreign entities, as such entities are not conferred authority by this State, and the differential treatment of election- and ballot-related speech compared to other speech.



Your Committee finds that it respectfully disagrees with the rationale expressed in *Citizens United*. Specifically, your Committee believes that a restriction on an artificial entity's powers does not infringe upon the rights of the individuals that comprise the entity. The individual remains fully free to speak, to spend, to associate, and to participate in politics.

Your Committee has amended this measure by:

- (1) Deleting language that restricted the authorized purposes of nonprofit corporations to only charitable or public-benefit purposes;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) 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 Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2471, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2471, S.D. 2, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



SCOT Z. MATSUMOTO, Chair



