



TESTIMONY OF DAVE ERDMAN
INTERIM PRESIDENT & CEO
RETAIL MERCHANTS OF HAWAI'I

**IN SUPPORT OF HB 1810, HD2, SD1 – RELATING TO CHARITABLE
SOLICITATION**

COMMITTEE ON JUDICIARY
Senator Karl Rhoads, Chair
Senator Mike Gabbard, Vice Chair

Tuesday, April 7, 2026
10:15 a.m.
Conference Room 016 & Videoconference

Aloha Chair Rhoads, Vice Chair Gabbard, and Members of the Committee:

My name is Dave Erdman, and I am the Interim President and CEO of Retail Merchants of Hawai'i (RMH), a statewide nonprofit trade association representing retailers, shopping centers, restaurants located in retail establishments and shopping centers, nonprofit thrift stores, and allied businesses across Hawai'i.

Retail Merchants of Hawai'i supports HB 1810, HD2, SD1, which strengthens transparency and accountability in charitable donation collection practices involving non-perishable tangible property.

Many nonprofit organizations and thrift retailers rely on donated clothing and household goods as an important source of funding for job training programs, workforce development initiatives, and community services. Hawai'i residents are generous in donating items they no longer need, and they reasonably expect that their donations will meaningfully support charitable missions.

In some cases, donation collection bins or receptacles may be operated by paid professional solicitors who resell donated items while compensating charitable partners based on weight or other arrangements that may not be clearly understood by donors. As noted in testimony from nonprofit organizations, some arrangements may provide **only a small portion of proceeds to charitable organizations**. When the public is unclear about how donations are used, it can create confusion and reduce confidence in legitimate charitable organizations and nonprofit retailers.

HB 1810, HD2, SD1 helps address these concerns by establishing prompt payment requirements, financial reporting standards, and clear disclosure requirements for professional solicitors operating donation collection bins and similar receptacles. These provisions help ensure donors receive clear information about how their contributions are used while supporting transparency and accountability across the sector.

Importantly, this measure does not prohibit partnerships between charitable organizations and professional operators. Rather, it **promotes honest disclosure and fair practices so donors can make informed decisions, and charitable organizations can maintain the public trust that is essential to their work.**

By strengthening transparency and ensuring a level playing field, HB 1810, HD2, SD1 supports charitable organizations, nonprofit thrift retailers, and responsible donation collection practices throughout Hawai'i.

Mahalo for the opportunity to **testify in support of HB 1810, HD2, SD1.**

Respectfully submitted,
Dave Erdman
Interim President & CEO
Retail Merchants of Hawai'i



April 6, 2026

Senate Committee on Judiciary

**Testimony or HB 1810, HD2, SD1, Relating to Charitable Solicitation
Hearing: April 7, 2026, 9:30 a.m.**

Aloha Chair Rhodes, Vice Chair Gabbard, and members of the committee,

Goodwill Hawaii is a 501(c)(3) non-profit charity that helps people with employment barriers to reach their full potential and become self-sufficient. Since 1959, we have provided job placement, career development, education, training, employment, and support services for people throughout the state. Thousands of Hawaii residents each year benefit from our services and have found employment in our community.

Comments on the Bill's Merits

This bill has been thus far unopposed. We are writing to offer our **strong support** for HB 1810, HD2, SD 2, which would enhance transparency in charitable fundraising and donations. We believe it is a critical step forward that would help maintain donors' trust and ensure no one is in the dark about who their donations benefit.

Goodwill Hawaii is rare among local not-for-profit organizations because most of its revenue is earned through retail sales at our community stores, service contracts in competition with private providers, and grants for job training services. Most of the goods in our retail stores are received as charitable donations at collection sites across the state.

Honolulu Civil Beat recently highlighted a troubling trend of collection sites cropping up across Oahu, where operators advertise that donations received will benefit a nonprofit organization. In fact, some operators collect donated goods, resell the goods for profit, and provide only a small fraction of the proceeds to the charity advertised to donors on the bin. Sometimes this is only a few cents per pound of items donated. Donors are frequently unaware of these arrangements and may reasonably believe their donation is tax-deductible or primarily benefiting a charitable mission when that may not be the case.

Without action to clarify the guidelines for fundraisers, nonprofit organizations across the state will continue to see donations diverted to for-profit or potentially illegal operations, depriving us of the proceeds from donations we use to serve our community. Given the importance of donated goods to fulfilling our mission, we are deeply concerned that these operations will continue to result in less funding available to meet a growing demand for services.

Suggestions on Effective Date

The Department of the Attorney General (the “Department”) has requested a delayed effective date in prior testimony to January 2, 2027. Goodwill is amenable to delay in the effective date the newly created subsection (g) in section 467B-2.5, HRS, to January 1, 2027 to allow the Department to make programming changes to its financial reporting system to accommodate these new financial reporting requirements.

However, we respectfully request that Sections 1 and 2 of the Bill, and new subsections (f) and (h) of section 467B-2.5, HRS in Section 3 of the Bill take effect upon approval, or some reasonable period thereafter, like 60 days. **There is no reason to delay to 2027 provisions that will better inform donors at donation sites and collection bins that they are operated by professional solicitors, that charities are paid by the operator based on a percentage of the weight of the donated goods, and the extent to which donations are tax deductible.** There is likewise no reason to delay a new requirement that charities be paid within 45 days of any donation.

Implementation Issues.

In prior hearings the Attorney General has suggested the need for an appropriation to make changes to its online financial reporting system for professional solicitors. Importantly, it should be noted that the Department has a special fund specifically earmarked for the administration and enforcement of Hawaii’s charitable solicitation law. Over 10,000 registered charities and fundraisers pay annual fees into this fund. According to a 2025 report from the Legislative Auditor, the fund had a balance of \$5.08 million at the end of the 2024 Fiscal Year. The Department, therefore, appears to have necessary funding to administer these amendments.

HB 1810, HD2 is a targeted measure for paid professional solicitors who are already required to comply with state standards and reporting requirements. It would not expand the covered organizations or include nonprofessional, grassroots fundraising efforts that support community causes. The bill would ensure that everyone benefits from a level playing field and clearer guidelines on how they can legally operate.

Mahalo for the opportunity to testify in support of this important measure.

Katy Chen
President/CEO