



**WRITTEN 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. 2436, S.D. 1, RELATING TO CHARITABLE SOLICITATION.

BEFORE THE:

SENATE COMMITTEE ON JUDICIARY

DATE: Friday, February 27, 2026

TIME: 10:30 a.m.

LOCATION: State Capitol, Room 016

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**

(For more information, contact Joshua J. Michaels,
Deputy Attorney General, at (808) 586-1470)

Chair Rhoads and Members of the Committee:

The Department of the Attorney General (Department) offers the following comments.

This bill seeks to regulate professional solicitors that operate collection bins or receptacles to solicit and accept donations of non-perishable tangible property on behalf of charitable organizations, using a business model in which the donated property is processed or resold through for-profit retail or thrift stores.

The bill creates new financial reporting requirements for professional solicitors that sell donated or collected non-perishable tangible property and compensate charitable organizations based on the weight of donor contributions. Implementing these requirements would require modifications to the Department's current online financial reporting system, which currently does not include fields to capture this information. The bill would also increase the Department's enforcement responsibilities related to reviewing and monitoring compliance with the new reporting requirements. Should this Committee pass the bill, the Department respectfully requests additional time to implement the necessary online system changes by amending section 6 of this bill to state: "This Act shall take effect on January 1, 2027," as well as adding an appropriation to the Department for additional staffing and resources to address the anticipated increase in reporting review and enforcement workload.

Thank you for the opportunity to provide testimony.

February 26, 2026

Senate Judiciary Committee

Testimony or SB 2436, SD1, Relating to Charitable Solicitation
Hearing: February 27, 2026, 10:30 a.m.

Aloha Chair Rhoads, 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.

We are writing to offer our **strong support** for SB 2436, SD1, 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.

In an effort to address the concerns of the Department of the Attorney General (the "Department"), Goodwill is amenable to delay in the effective date for Section 3 of this measure to January 1, 2027. However, we respectfully request that the amended definitions and prohibited practices section of the bill (Sections 1, 2, and 4 and 5 of this Act) take effect upon approval. Moreover, 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 report

from the Legislative Auditor, the fund had a balance of \$5 million at the end of the 2024 Fiscal Year. The Department, therefore, appears to have necessary funding to administer these amendments.

SB 2436, SD1 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



**Senate Committee on Judiciary
February 27, 2026 at 10:30 AM
Room 016**

Testimony in SUPPORT for SB2436 SD1

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

On behalf of the Hawai'i Alliance of Nonprofit Organizations, I would like to offer our comments in **support of SB2436 SD1**, which strengthens transparency and consumer protections in charitable solicitation involving the collection of donated goods.

The Hawai'i Alliance of Nonprofit Organizations (HANO) is a statewide, sector-wide professional association of nonprofits that works to strengthen and unite the nonprofit sector as a collective force to improve the quality of life in Hawai'i. Since 2006, HANO has been a leading voice for the nonprofit sector, leveraging resources, educating and advocating for policies and practices that promote the professionalism, sustainability, and effectiveness of nonprofits and the communities they serve.

Hawai'i's nonprofit organizations rely on public trust to carry out their missions. When residents donate clothing or household goods, they reasonably expect those items, or the value derived from them, to meaningfully support charitable missions. Recent reporting suggests that some for-profit donation collection models can be confusing to donors, particularly when charitable imagery or language is used, and donated items are resold for profit and only a portion of proceeds ultimately supports nonprofit partners.

SB2436 SD1 addresses this issue in a thoughtful and targeted way. It clarifies that donated goods and collection bins are covered under charitable solicitation laws and are subject to reasonable reporting requirements and prompt payment to nonprofits. The bill does not prohibit donation bins or partnerships with for-profit entities, but it does require honesty, disclosure, and accountability.

HANO supports this measure, as greater transparency benefits donors, strengthens trust in the nonprofit sector, and supports the integrity of charitable giving in Hawai'i.

Mahalo for the opportunity to submit testimony.