

### ACT 93

An Act Relating to Nonprofit Corporations and Amending Chapter 172, Revised Laws of Hawaii 1955, as Amended.

*Be it Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 172-16, Revised Laws of Hawaii 1955, as amended, is hereby amended to read as follows:

**“Section 172-16. Nonprofit corporations; charter grant of.** The treasurer shall grant to all applicants who file petitions in conformity with the provisions of Section 172-17, charters of incorporation for the establishment and conduct of any lawful purpose, except the carrying on of a business, trade, avocation or profession for profit. Any charter granted or corporation created under authority of this section shall be subject to all general laws enacted in regard to corporations, and shall file with the treasurer within thirty days after adoption a certified copy of its bylaws, and any amendments or changes therein, and shall also file from time to time, whenever changes occur, the names and addresses of the officers of the corporation.”

SECTION 2. Section 172-17, Revised Laws of Hawaii 1955, as amended by Act 186, Session Laws of Hawaii 1957, is hereby amended to read as follows:

**“Section 172-17. Petition for charter; contents of charter.** Any number of persons not less than three, a majority of whom are residents of the State, desiring to obtain a charter of incorporation for the purposes set forth in section 172-16, shall sign, verify and file a petition with the treasurer. The petition shall be accompanied by the proposed form of charter of incorporation which shall contain the following particulars:

- (a) The name of the corporation;
- (b) The location of the proposed corporation and the specific address of its initial office;
- (c) The purpose or purposes for which the corporation is organized;
- (d) The period of duration, which may be perpetual;
- (e) The number, names and residence addresses of the initial officers and directors, or similar officers;
- (f) Any provision, not inconsistent with law, which the petitioners elect to set forth in the charter of incorporation for the regulation of the internal affairs of the corporation, including any provision for the distribution of assets on dissolution or final liquidation;

(g) That the corporation is not organized for profit and that it will not issue any stock, and no part of its assets, income or earnings shall be distributed to its members, directors, or officers, except for services actually rendered to the corporation, and except upon liquidation of its property in case of corporate dissolution.

It shall not be necessary to set forth in the proposed charter any of the powers enumerated in section 172-23. If the petition or the proposed charter presented to the treasurer is not in conformity with the requirements of this section, the treasurer shall, within fifteen days, return the same to the petitioners specifying where in the same fails to conform with this section and the petitioners may amend the petition and present the same so amended."

SECTION 3. Section 172-18, Revised Laws of Hawaii 1955, as amended, is hereby amended to read as follows :

**"Section 172-18. Powers prohibited for non-profit corporations.** No corporation shall have or issue shares of stock and no dividends shall be be paid and no part of its income of a corporation shall be distributed to its members, directors, or officers, except upon the liquidation of the property of a corporation in case of corporate dissolution. A corporation may pay compensation in a reasonable amount to its members, directors, or officers for services rendered, and may confer benefits upon its members in conformity with its purposes. No loans shall be made by a corporation to its directors or officers. The directors of a corporation who vote for or assent to the making of a loan to a director or officer of the corporation, and any officer or officers participating in the making of such loan, shall be jointly and severally liable to the corporation for the amount of such loan until the repayment thereof."

SECTION 4. Section 172-19, Revised Laws of Hawaii 1955, as amended, is hereby amended by deleting the phrase "by and with the consent of the governor" appearing in the last line of the first paragraph of this section.

SECTION 5. Section 172-20, Revised Laws of Hawaii 1955, as amended, is hereby amended by deleting the phrase "by and with the consent of the governor" from paragraph (c).

SECTION 6. This Act shall take effect upon its approval.

(Approved May 23, 1961.) **S.B. 297.**

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