

A Bill for an Act Relating to Capital Stock of Corporations.

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

SECTION 1. Section 416-59(d), Hawaii Revised Statutes, is amended to read:

“(d) Consideration for; capital or paid-in surplus; statement to be filed. Whenever shares of stock without par value are issued by any corporation, the consideration received and to be received by the corporation for the issuance thereof shall constitute capital of the corporation; provided, that if the articles of association, or the stockholders at a meeting and by the vote specified in subsection (c) of this section, or the board of directors either when acting pursuant to authority granted by the stockholders at such meeting and by such vote or when acting pursuant to authority granted in the articles of

association, provides or determines that a portion of such consideration shall be treated as paid-in surplus, then the portion so provided or determined shall be paid-in surplus and the remainder only shall constitute capital as aforesaid. The total capital attributable to all the shares without par value issued upon the incorporation of a corporation shall be not less than \$1,000. Whenever shares of stock without par value are issued for consideration other than cash, the authority (stockholders or board of directors or incorporators) which provides for the issuance of the shares shall determine the value of the consideration, and the value so determined shall constitute capital with respect to the shares except to the extent that any portion thereof may be determined to be paid-in surplus as above provided. In case the value of the consideration has not been honestly and reasonably determined and in case the actual value thereof was less than the determined value, then the shares issued for such consideration shall not be fully paid until the corporation receives, in addition to such consideration, the difference between the actual value thereof and the determined value thereof. Whenever issued shares with par value are changed into shares without par value pursuant to subsection (b) of this section, the total par value of the shares so changed shall continue to constitute capital of the corporation, attributable to the shares without par value into which they are changed. In case a corporation pays a stock dividend, in shares of its stock without par value, the board of directors shall, in connection with the declaration of the stock dividend, determine the amount and type of the surplus of the corporation which is capitalized by the issuance of the stock dividend, subject however to any restrictions in the articles of association. The board of directors, subject to any restrictions in the articles of association, may by resolution at any time and from time to time increase the capital attributable to shares without par value by transferring to capital any surplus, however acquired or accumulated, in such amount and type as the board of directors shall determine, and in any such case the amount of surplus so transferred shall then and thereafter be added to and constitute a part of the capital of the corporation attributable to its shares of stock without par value. The capital of a corporation attributable to shares of its stock without par value, determined as aforesaid, may be reduced in the manner and with the effect provided in section 416-65."

SECTION 2. Section 416-59(h), Hawaii Revised Statutes, is amended to read:

"(h) Fees. In computing any fee payable to the director measured by the amount of authorized or issued capital stock of the corporation, shares without par value shall be taken as the equivalent of shares having a par value of \$10 per share."

SECTION 3. Material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes need not include the brackets, the bracketed material or the underscoring.\*

SECTION 4. This Act shall take effect upon its approval.

(Approved April 6, 1971.)

\* Edited accordingly.