

## ACT 30

S.B. NO. 73

A Bill for an Act Relating to Solicitation of Funds From the Public.

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

SECTION 1. Section 467B-2, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) Every charitable organization, except as otherwise provided in this chapter, which intends to solicit contributions within the State, or have funds solicited on its behalf, shall, prior to any solicitation, file a registration statement with the director upon forms prescribed by the director, which shall be valid for one full year and which shall be refiled in the next and each following year in which the charitable organization is engaged in solicitation activities. It shall be the duty of the president, chairman, or principal officer of the charitable organization to file the statement required under this chapter. The statement shall be sworn to and shall contain the following information:

- (1) The name of the charitable organization and the purpose for which it was organized.
- (2) The principal address of the charitable organization and the addresses of any office in the State. If the charitable organization does not maintain an office, the name and address of the person having custody of its financial records.
- (3) The name and address of any chapter, branch, or affiliate in the State.
- (4) The date and place when the charitable organization was legally established, the form of its organization, and a reference to any determination of its tax-exempt status under the Internal Revenue Code.
- (5) The name and address of all officers, directors, trustees, and the principal salaried executive staff officer.
- (6) A copy of a balance sheet and income and expense statement audited by an independent public accountant for the immediately preceding fiscal year, or a copy of a financial statement audited by an independent public

accountant covering, in a consolidated report, complete information as to all the preceding year's fund-raising activities of the charitable organization, showing the kind and amount of funds raised, costs and expenses incidental thereto and allocation or disbursement of funds raised. The statement shall include the salary or other compensation paid to a professional solicitor or professional fund-raising counsel whether expressed in a fixed dollar amount or as a per cent of the total moneys, funds, pledges, or other property raised or received.

- (7) Whether the charitable organization intends to solicit contributions from the public directly or have the solicitation done on its behalf by others.
- (8) Whether the charitable organization is authorized by any other governmental authority to solicit contributions and whether it is or has ever been enjoined by any court from soliciting contributions.
- (9) The general purpose for which the contributions to be solicited shall be used.
- (10) The name under which it intends to solicit contributions.
- (11) The name of the individual or officer of the charitable organization who will have final responsibility for the custody of the contributions.
- (12) The name of the individual or officer of the charitable organization responsible for the final distribution of the contributions."

SECTION 2. Section 467B-6, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) Every written contract or, in the absence of a contract in writing, a written statement of the nature of the arrangement between a professional solicitor and a charitable organization shall be filed with the department within ten days after the contract or arrangement is concluded. If the contract or arrangement with a professional solicitor does not provide for compensation on a percentage basis, the department shall examine the contract to ascertain whether the compensation to be paid in the circumstances is likely to exceed twenty per cent of the total moneys, pledges, or other property raised or received as a result of the contract or arrangement; if the reasonable probabilities are that the compensation will exceed twenty per cent of the total moneys, pledges, or other property the director shall disapprove the contract or arrangement within ten days after its filing unless special facts or circumstances are presented showing that a cost higher than twenty per cent is reasonable. No registered charitable organization or professional solicitor shall carry out or execute a disapproved contract, or receive or perform services, or receive or make payments, pursuant to a disapproved contract. Any party to a disapproved contract shall, upon written request made within thirty days of the disapproval, be given a hearing before the director within thirty days after such request is filed."

SECTION 3. Section 467B-7, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) No charitable organization shall pay or agree to pay to a professional solicitor or his agents, servants, or employees a total amount in excess of twenty per cent (including reimbursement for expenses incurred) of the total moneys, pledges, or other property raised or received as a result of the solicitation activities or campaigns unless special facts or circumstances are presented showing that a cost higher

than twenty per cent is reasonable.”

SECTION 4. Chapter 467B, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§467B- Rules. The director may make, amend, or repeal such rules pursuant to chapter 91, to implement the provisions of this chapter.”

SECTION 5. Statutory material to be repealed is bracketed. New material is underscored.\*

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

(Approved April 29, 1981.)

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\*The text has been edited pursuant to HRS §23G-16.5, authorizing omission of the brackets, bracketed material, and underscoring.