

## ACT 56

S.B. NO. 2205

A Bill for an Act Relating to Nonprofit Corporations.

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

SECTION 1. Chapter 415B, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**“§415B- Private foundations; tax-exempt status.** No nonprofit corporation which is a private foundation, as defined in section 509(a) of the Code shall:

- (1) Engage in any act of self-dealing, as defined in section 4941(d) of the Code;
- (2) Retain any excess business holdings, as defined in section 4943(c) of the Code;
- (3) Make any investments in such manner as to subject it to tax under section 4944 of the Code; and
- (4) Make any taxable expenditures, as defined in section 4945(d) of the Code.

Each nonprofit corporation which is a private foundation as defined in section 509 of the Code shall distribute, for the purpose specified in its charter of incorporation, such amounts at such time and in such manner as shall be required so as not to subject it to tax under section 4942 of the Code.

Nothing in this section shall impair the rights and powers of the courts, the attorney general, or the director of commerce and consumer affairs of this State with respect to any corporation.

References in this section to sections of the Code are to sections of the Internal Revenue Code of 1986, as amended.”

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SECTION 2. New statutory material is underscored.<sup>1</sup>

SECTION 3. This Act shall take effect upon its approval and shall be applied retroactively to July 1, 1987.

(Approved April 26, 2000.)

### **Note**

1. Edited pursuant to HRS §23G-16.5.