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THE SENATE  
THE TWENTIETH LEGISLATURE  
REGULAR SESSION OF 2000

**COMMITTEE ON COMMERCE AND CONSUMER PROTECTION**

Senator BRIAN TANIGUCHI, Co-Chair  
Senator BRIAN KANNO, Co-Chair

**NOTICE OF HEARING**

DATE: Thursday, March 2, 2000  
TIME: 9:45 a.m.  
PLACE: Conference Room 016  
State Capitol  
415 South Beretania Street

**A G E N D A**

<b>SB 2205</b>	<b>RELATING TO NONPROFIT CORPORATIONS</b>	<b>CPN</b>
<b>SD 1</b>	Proposed draft adds a new section to Chapter 415B,	
<b>PROPOSED</b>	Hawaii Revised Statutes, to preserve federal tax exempt status of private foundations.	

DECISION MAKING TO FOLLOW, IF TIME PERMITS.

**Copies of the proposed draft are available in Room 219.**

Persons wishing to testify should submit 25 copies of their testimony to the committee clerk, Room 219, State Capitol, 24 hours prior to the hearing. Testimony may also be faxed if less than 5 pages in length, to the Senate Sergeant-At-Arms Office at 586-6659 or 1-800-586-6659 (toll free for neighbor islands), at least 24 hours prior to the hearing. When faxing, please indicate to whom the testimony is being submitted, the date and time of the hearing, and the required number of copies needed for submittal.

If you require special assistance or auxiliary aids or services to participate in the public hearing process (i.e., sign language interpreter, wheelchair accessibility, or parking designated for the disabled), please contact the committee clerk 24 hours prior to the hearing so arrangements can be made.

Public Folder. A folder labeled "Public Folder" containing the measures and testimonies for the hearing will be available for shared use by members of the public.

FOR FURTHER INFORMATION, PLEASE CALL THE COMMITTEE CLERK AT  
586-6460.



Senator BRIAN TANIGUCHI  
Co-Chair



Senator BRIAN KANNO  
Co-Chair

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# A BILL FOR AN ACT

RELATING TO NONPROFIT CORPORATIONS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

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

4 "§431B- Private foundations; tax-exempt status. No  
5 nonprofit corporation which is a "private foundation" as defined  
6 in section 509(a) of the Code shall:

- 7 (1) Engage in any act of "self-dealing" (as defined in  
8 section 4941(d) of the Code);  
9 (2) Retain any "excess business holdings" (as defined in  
10 section 4943(c) of the Code);  
11 (3) Make any investments in such manner as to subject it to  
12 tax under section 4944 of the Code; and  
13 (4) Make any "taxable expenditures" (as defined in section  
14 4945(d) of the Code).

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

20 Nothing in this section shall impair the rights and powers

1 of the courts or the attorney general or the director of commerce  
2 and consumer affairs of this State with respect to any  
3 corporation.

4 References in this subsection to sections of the Code are to  
5 sections of the Internal Revenue Code of 1954, as heretofore  
6 amended, and shall include future amendments to such sections and  
7 corresponding provisions of future Internal Revenue laws."

8 SECTION 2. New statutory material is underscored.

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