

Honolulu, Hawaii

April 25, 2008

RE: S.B. No. 3171
S.D. 2
H.D. 2
C.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 3171, S.D. 2, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CHARITABLE TRUSTS AND NONPROFIT ORGANIZATIONS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to enact new statutory provisions regulating charitable organizations, including registration, financial reporting, fundraising, and investigations by the Department of Attorney General for violations of the provisions, and fundraising.

Your Committee on Conference finds that a registration system is needed for charities. Due to the absence in current law of a registration system, the Attorney General may only pursue an investigation if an individual complains or questionable conduct is revealed and disclosed in public.



A registration system will provide the State with valuable information on which nonprofit groups are raising funds, what programs these groups seek to fund, and how these groups are spending collected funds. Registration can help enforcement officials spot red flags, such as questionable transactions or compensation deals, and answer questions from the public. The review of annual filings may also serve as a deterrent to abuse. Under this measure, before making a contribution, donors could find out if an organization is a legitimate charity and determine if the group has provided the State with information on its finances.

Your Committee on Conference has amended this measure by reverting to the House Draft 1, with the following changes as recommended by the Attorney General:

- (1) Making mandatory the use of the Unified Registration Statement as the registration form;
- (2) Making mandatory the use of the Form 990 and 990EZ as the annual financial report, provided that the Attorney General may prescribe the form of the report for Form 990N filers;
- (3) Requiring the submission of an audited financial statement by organizations required to prepare such statements by governmental authorities or third parties;
- (4) Inserting an appropriation of \$238,725 from the Solicitation of Funds for Charitable Purposes Special Fund to the Attorney General; and
- (5) Changing the effective date to January 1, 2009, provided that sections 5 through 9 of the measure become effective on July 1, 2008.

Your Committee on Conference notes that the audit requirement threshold of \$500,000 is the same as House Draft 1 and House Draft 2.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3171, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3171, S.D. 2, H.D. 2, C.D. 1.



Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



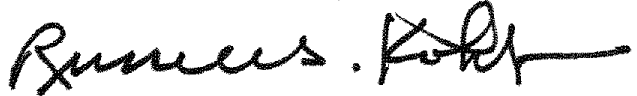
ROBERT N. HERKES, Co-Chair



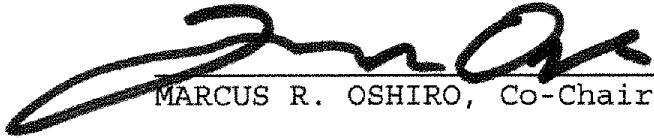
BRIAN T. TANIGUCHI, Chair



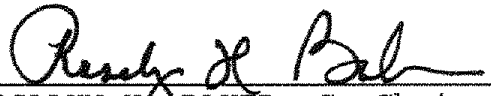
BLAKE K. OSHIRO, Co-Chair



RUSSELL S. KOKUBUN, Co-Chair



MARCUS R. OSHIRO, Co-Chair



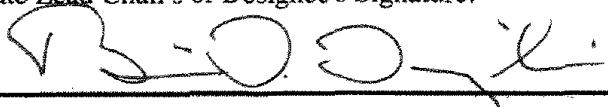

ROSALYN H. BAKER, Co-Chair



Hawaii State Legislature

Record of Votes of a
Conference Committee

CR 162

Bill / Concurrent Resolution No.: SB 3171, SD 2, HD 2					Date/Time: 4/25/08 10:30pm				
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).									
<input type="checkbox"/> The Committee is reconsidering its previous decision.									
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
TANIGUCHI, Brian T., Chr.	✓				HERKES, Robert N., Co-Chr.	✓			
KOKUBUN, Russell S., Co-Chr.	✓				OSHIRO, Blake K., Co-Chr.	✓			
BAKER, Rosalyn H., Co-Chr.	✓				OSHIRO, Marcus R., Co-Chr.	✓			
WHALEN, Paul				✓	MCKELVEY, Angus L.K.	✓			
					MARUMOTO, Barbara C.	✓			
TOTAL	3	0	0	1	TOTAL	5	0	0	0
A = Aye		WR = Aye with Reservations			N = Nay		E = Excused		
Senate Recommendation is:					House Recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
									
Distribution: Original Yellow Pink Goldenrod <i>File with Conference Committee Report</i> <i>House Clerk's Office</i> <i>Senate Clerk's Office</i> <i>Drafting Agency</i>									