



Legislative Testimony

HB2308 RELATING TO CHARITABLE ORGANIZATIONS
COMMITTEE ON CONSUMER PROTECTION & COMMERCE
COMMITTEE ON JUDICIARY

January 31, 2008

3:00pm

Room 325

The Office of Hawaiian Affairs supports HB2308 and believes that better oversight and monitoring of charitable organizations is necessary. In fact, today *most* states regulate fundraising. They do so through statutes -- usually called "solicitation laws" -- that are primarily concerned with the solicitation of charitable contributions from the general public. The centerpiece of most of the regulatory schemes is comprehensive reporting, by nonprofits and by the outside fundraising firms and consultants they employ. OHA itself is constantly working to improve the oversight of its grants programs.

We hope that Hawaii will join with thirty-nine (39) other states that already require registration of and reporting by charitable soliciting organizations. However, OHA does not believe that it is prudent or necessary for Hawaii to develop its own proprietary registration mechanism as stipulated in HB No. 2308 when thirty-six (36) states already subscribe to a unified registration process known as the Unified Registration Statement (URS).

The URS is part of the Standardized Reporting Project whose aim is to standardize, simplify, and economize compliance under states solicitation laws. The URS represents an effort to consolidate the information and data requirements of all states that call for registration of nonprofit organizations performing charitable solicitations within their jurisdictions. The effort is organized by the National Association of State Charities Officials and the National Association of Attorneys General. The use of such a unified process would also assist local charitable organizations as more and more of them begin to use the Internet for cross-state fundraising purposes and are increasingly faced with the prospect of having to register in multiple states.

Compliance reporting under solicitation laws is divided into two pieces: (1) *registration*, which provides an initial base of data and information about an organization's finances and governance; and (2) *annual financial reporting*, which keeps the states apprised about the organization's operations with an emphasis on fundraising results and practices. Typically, states require *both* registration (at least an initial registration) and annual financial reporting.

With thirty-nine jurisdictions regulating in this manner, there is inevitably little consistency of approach. Some states have one-time registration; others require annual renewal of registration; some will require submission of every common governance and financial document; others make do with just

an IRS Form 990; and so forth. But each has its own registration form (or forms) and, until the advent of the URS, required its submission, verbatim. For now, the URS is the sole device for standardized, multi-state filing and it applies *only* to registration and registration renewal (which may be required yearly but may be distinct from annual financial reporting).

Mahalo for allowing us to submit testimony.