

Honolulu, Hawaii

April 30, 2009

RE: H.B. No. 618  
S.D. 2  
C.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 618, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT,"

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 bill is to enact the Uniform Prudent Management of Institutional Funds Act to conform the law governing the spending of charitable endowment funds with modern investment and expenditure practices.

Your Committee on Conference finds that Hawaii law prohibits charities from expending endowment funds that fall below the principal of the endowment (historic dollar value). However, under current economic conditions, many endowments may be below their historic dollar value, preventing charities from funding their various programs.



Under this bill, allowable endowment fund expenditures are based upon the value of the fund's entire portfolio, rather than its historic dollar value. This improves the ability of charities to address fluctuations in the value of the endowment.

This bill also streamlines the process for releasing restrictions on the management, investment, or purpose of endowment funds that do not exceed certain value thresholds. Charities will be able to release these restrictions without court approval if the value of the fund is below \$250,000 and after obtaining the Attorney General's consent. For funds with a value of less than \$50,000, the charity may release restrictions without court approval after providing notice to the Attorney General.

Your Committee on Conference has amended this bill by:

- (1) Specifying that this bill applies to charitable funds existing on or established after July 1, 2009, the effective date of this bill; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

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 H.B. No. 618, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 618, S.D. 2, C.D. 1.

Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE

  
\_\_\_\_\_  
ROSALYN H. BAKER, Chair

  
\_\_\_\_\_  
BRIAN T. TANIGUCHI, Co-Chair

  
\_\_\_\_\_  
ROBERT N. HERKES, Co-Chair

  
\_\_\_\_\_  
JUN RIKI KARAMATSU, Co-Chair



  
GILBERT KEITH-AGARAN, Co-  
Chair



**Record of Votes of a  
Conference Committee**

Bill / Concurrent Resolution No.: HB 618, SD 2	Date/Time: 4-27-09 2:37 pm
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.


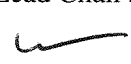
The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

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
BAKER, Rosalyn H., Chr.	✓				HERKES, Robert N., Co-Chr.	✓			
TANIGUCHI, Brian T., Co-Chr.	✓				KARAMATSU, Jon Riki, Co-Chr.	✓			
SLOM, Sam				x	KEITH-AGARAN, Gilbert S.C., Co-Chr.	x			
					MARUMOTO, Barbara C.	x			
<b>TOTAL</b>	2	-	-	1	<b>TOTAL</b>	4	-	-	-

A = Aye      WR = Aye with Reservations      N = Nay      E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature: 
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**Distribution:**      **Original**      **Yellow**      **Pink**      **Goldenrod**  
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