



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-SIXTH LEGISLATURE, 2011**

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 878, RELATING TO NONPROFIT CORPORATIONS.

**BEFORE THE:**

HOUSE COMMITTEE ON JUDICIARY

**DATE:** Tuesday, March 1, 2011      **TIME:** 2:00 p.m.

**LOCATION:** State Capitol, Room 325

**TESTIFIER(S):** David M. Louie, Attorney General, or  
Hugh Jones, Supervising Deputy Attorney General

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Chair Keith-Agaran and Members of the Committee:

The Attorney General supports this bill. The Attorney General provides regulatory oversight of nonprofit corporations that are "public benefit corporations" (nonprofit corporations that operated for charitable, religious, or educational purposes) under chapter 414D, Hawaii Revised Statutes.

The purpose of this bill is to allow membership based nonprofit corporations to conduct annual elections using electronic means, such as the Internet, if permitted by their bylaws and articles of incorporation. Many large Hawaii membership nonprofit corporations are already using reliable Internet based election systems to conduct elections efficiently, reliably and more inexpensively than using the United States Mail. Although existing provisions of chapter 414D, Hawaii Revised Statutes, appear to permit the use of electronic submission of ballots, that law could benefit from better clarity.

This bill also proposes to allow nonprofit corporations to provide notices of meetings to directors electronically, if the director consents to such form of notice. This change will

also bring the law into conformity with practices that are actually being used by many nonprofit corporations.



NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR

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KEALI'I S. LOPEZ  
DIRECTOR

EVERETT KANESHIGE  
DEPUTY DIRECTOR

TO THE HOUSE JUDICIARY COMMITTEE  
THE TWENTY-SIXTH LEGISLATURE  
REGULAR SESSION OF 2011

Date: Tuesday, March 1, 2011  
Time: 2:00 p.m.  
Conference Room: 325

**TESTIMONY ON HOUSE BILL NO. 878  
RELATING TO NONPROFIT CORPORATIONS**

TO THE HONORABLE KEITH S.C. KEITH-AGARAN & THE HONORABLE KARL RHOADS,  
CHAIRS AND MEMBERS OF THE COMMITTEE:

Thank you for the opportunity to testify. My name is Tung Chan, Commissioner of Securities for the Business Registration Division (BREG), Department of Commerce and Consumer Affairs ("Department"). The Department supports this bill.

This bill proposes to amend the Hawaii Nonprofit Corporation Act, chapter 414D, Hawaii Revised Statutes, by expressly permitting voting by ballot and through electronic means, allowing directors to receive notice of meetings by electronic transmission, and facilitating meetings through electronic technology. These amendments will provide clarity and flexibility to nonprofit corporations in using technology that is readily accessible to its leadership and members. This bill will encourage greater participation in governance by members while reducing administrative costs. We respectfully ask that this bill be passed. Thank you for the opportunity to testify.



House Committee on Judiciary

Tuesday, March 1, 2011

2:00 p.m.

**HB 878, Relating to Nonprofit Corporations**

Dear Chair Keith-Agaran and Committee Members:

The University of Hawaii Professional Assembly strongly supports HB 878. In previous testimony UHPA has noted the value of allowing email to allow electronic voting systems or ballots for members, participation in member meetings via remote or electronic communication methods, and use of email for director meeting notices. HB 878 will amend the Hawaii Nonprofit Corporation Act by incorporating language contemplated in the Revised Model Nonprofit Corporation Act 3<sup>rd</sup> edition adopted August 2008. The benefits of these changes are lower costs to membership nonprofits and increased member participation with greater transparency in corporate governance.

UHPA urges committee support of HB 878.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kristeen Hanselman".

Kristeen Hanselman  
Associate Executive Director

UNIVERSITY OF HAWAII  
PROFESSIONAL ASSEMBLY

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**ALOHA SOCIETY OF ASSOCIATION EXECUTIVES  
ASAE-Hawaii  
P.O. Box 282  
Honolulu, Hawaii 96809-0282**

March 1, 2011

**Testimony To:** House Committee on Judiciary  
Representative Gilbert S.C. Keith-Agaran, Chair

**Presented By:** Tim Lyons, Legislative Chairman  
Aloha Society of Association Executives

**Subject:** HB. 878 – RELATING TO NONPROFIT CORPORATIONS.

**Chair Keith-Agaran and Members of the Committee:**

I am Tim Lyons, Legislative Chairman for the Aloha Society of Association Executives, an association composed of most of the Executive Directors of non-profit business associations from throughout the state. We support this bill.

This bill provides for an updating to today's reality and the use of electronic means for voting. Many of non-profit organizations have already begun to implement this, at least on a committee level and as their By-laws and Articles of Incorporation allow them to do so. Others have passed new policies by the Board of Directors and adopted by the membership that allow this as well. In this day of high expense of neighbor island travel and in the busy lives of many people who serve on the Boards of Directors of non-profit corporations, we feel that this change is essential and actually brings the law into reality to what is actually happening.

Based on the above, we support this bill and recommend its passage.

Thank you.

## **Aloha Society of Association Executives – Hawaii Chapter** **Membership List**

AlohaCare  
Building Industry Association of Hawaii  
Expert Event Planners of Hawaii  
General Contractors Association of Hawaii  
Hawaii Association of Independent Schools  
Hawaii Association of Realtors  
Hawaii Bankers Association  
Hawaii Convention Center  
Hawaii Credit Union League  
Hawaii Food Industry Association  
Hawaii Insurers Council  
Hawaii Museums Association  
Hawaii Optometric Association, Inc.  
Hawaii Orthopedic Association  
Hawaii Pacific Tennis Foundation  
Hawaii Society of Certified Public Accountants  
Hawaii Transportation Association  
Hawaii Visitors & Convention Bureau  
Hawaii Wall & Ceiling Industry Association  
Honolulu Board of Realtors  
Kaua'i Visitors Bureau  
Legislative Information Services of Hawaii  
LH Hospitality Group, LLC  
Mid-Pacific Country Club  
National Association of Insurance & Financial Advisors Hawaii  
Organizations Management, LLC  
Pacific Telecommunications Council  
Painting & Decorating Contractors Association  
Plumbing & Mechanical Contractors Association  
Presentation Resources  
PROcom Hawaii  
Retail Merchants of Hawaii  
Sand Island Business Association  
Sheet Metal Contractors Association  
SMEI Honolulu  
Hawaii Association of Broadcasters  
The Legislative Center, Inc.  
Waikiki Improvement Association  
Waikoloa Beach Marriott



Tuesday, March 1, 2011  
2:00 p.m.  
Conference Room 325

TESTIMONY TO  
THE HOUSE COMMITTEE ON JUDICIARY

RE: HB 878 – Relating to Nonprofit Corporations

Chair Keith-Agaran, Vice Chair Rhoads, and Members of the Committee:

My name is Robert Witt, executive director of the Hawaii Association of Independent Schools (HAIS), which represents 99 private and independent schools in Hawaii and educates over 33,000 students statewide.

We support HB 878, which would amend the Hawaii Nonprofit Corporations Act to allow member actions by ballot and electronic voting, use of electronic notice, and conduct of meeting by teleconference.

Last session our association testified on behalf of a similar measure which became Act 63 (SLH 2010), allowing the Early Learning Council to conduct meetings by teleconference. Our belief at that time, and now, is that in an era of decreasing revenues along with an aspiration for more cost-effective community participation in urgently needed non-profit work, the added flexibility provided by this measure is a much needed 21<sup>st</sup> century strategy that will have benefits for many.

We support extending the use of technology for voting, notices, and meetings to all Hawaii nonprofit corporations.

Thank you for the opportunity to testify.





March 1, 2011

Chair Gilbert Keith-Agaran  
House Committee on Judiciary  
Hawaii State House of Representatives  
State Capitol, Room 325  
Honolulu, HI 96813

**RE: HB 878, Relating to Nonprofit Corporations**

Dear Chair Keith-Agaran and members of the House Judiciary Committee:

The Hawai'i Alliance of Nonprofit Organizations is a statewide, sector-wide professional association for nonprofits. HANO member nonprofits provide essential services to every community in the state. Our mission is to unite and strengthen the nonprofit sector as a collective force to improve the quality of life in Hawai'i.

**We support HB 878** which amends the Hawaii Nonprofit Corporations Act to permit member actions by ballot and electronic voting, use of electronic notice, and conduct of meeting by teleconference. The amendments propose modern 21<sup>st</sup> century communication technologies that allow for more cost-effective, meaningful and timely participation by nonprofit corporation members in their organizations. These amendments will allow for clearer communication within our statewide organizations and help members who are spread across the major islands.

We applaud these types of actions by the Legislature which work to streamline and improve systems and allow cost-savings for Hawaii's nonprofit sector at a time when budgets are thin.

Thank you for the opportunity to provide testimony.

Lisa T. Maruyama  
President and CEO