

Honolulu, Hawaii

February 7, 2013

RE: H.B. No. 791

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 791 entitled:

"A BILL FOR AN ACT RELATING TO NONPROFIT CORPORATIONS,"

begs leave to report as follows:

The purpose of this measure is to clearly provide that directors of a nonprofit corporation shall have access to the books and records of the corporation to the extent reasonably related to the performance of their duties.

The Department of the Attorney General, the Hawai'i Alliance of Nonprofit Organizations, and the Maui NonProfit Directors Association testified in support of this measure.

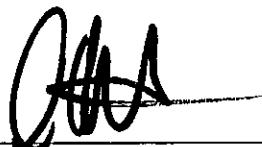
Your Committee finds that sections 414D-301 through 414D-304, Hawaii Revised Statutes, create a judicially enforceable right for members of a membership-based nonprofit corporation to inspect the books and records of the corporation. However, there is no comparable provision to ensure that a director of a nonprofit corporation shall have reasonable access to the books and records of the corporation.

Your Committee further finds that, in order to comply with the duty of care imposed upon directors under state law, a director of a nonprofit corporation must be informed and have access to basic financial and operational data of the corporation. This measure requires the corporation to give reasonable access to the director and provides for enforcement by the courts.



As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 791 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,



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ANGUS L.K. MCKELVEY, Chair



