
A BILL FOR AN ACT

RELATING TO EDUCATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that traditional methods
2 of fundraising became less productive during the recent
3 recession. As a result, organizations have had to develop new
4 ways to raise funds for much needed community projects. One of
5 these methods is crowdfunding, which relies on a large volume of
6 individual online donations. Crowdfunding emerged as a major
7 fundraising method in 2009 and has become an increasingly
8 popular fundraising method since. In 2011, crowdfunding revenue
9 reached \$1.5 billion, leading President Barack Obama and the
10 Securities and Exchange Commission to enact laws and regulations
11 to better facilitate crowdfunding while minimizing the impact of
12 those regulations on small businesses seeking to utilize
13 crowdfunding as a method of financing.

14 In 2013, efforts were made across the country to promote
15 "civic crowdfunding" as a means to fund public projects
16 initiated by the community and for the community. For example,
17 in New York City, a group of young designers used crowdfunding
18 to fund a public swimming pool. In Kansas City, the creator of



1 the civic crowdfunding platform Neighbor.ly worked to raise
2 money for a tramline. Other civic crowdfunding platforms such
3 as Citizinvestor, Brickstarter, and Spacehive have worked to
4 make crowdfunding an easily utilized source of funding for
5 public projects.

6 The legislature also finds that local non-profit
7 organizations rely on online individual donations as a source of
8 funding and that many citizens are willing to donate money to
9 causes that they believe are important for the public welfare.
10 Therefore, it would be beneficial for the State to provide
11 citizens with a civic crowdfunding mechanism to make online
12 contributions for public projects.

13 The legislature further finds that, currently, citizens may
14 make private donations to fund repair and maintenance projects
15 for Hawaii's schools through the Hawaii 3R's school repair and
16 maintenance fund. By using privately raised funds for school
17 repair and maintenance projects, Hawaii 3R's has helped
18 communities make improvements to their schools in a quick and
19 cost-effective manner, while enabling the department of
20 education to use the moneys saved to address other vital school
21 needs. The Hawaii 3R's school repair and maintenance fund is an
22 ideal mechanism for a civic crowdfunding pilot program because



1 it already exists to receive private donations for public
2 projects.

3 The purpose of this Act is to create a civic crowdfunding
4 pilot program to be funded by the Hawaii 3R's school repair and
5 maintenance fund to increase community participation in the
6 repair and maintenance of local schools and to test the
7 feasibility of utilizing civic crowdfunding for other public
8 projects in the department of education and other state
9 departments.

10 SECTION 2. (a) There is established a school repair and
11 maintenance crowdfunding pilot program to be administered by
12 Hawaii 3R's. The purpose of the pilot program shall be to
13 develop a civic crowdfunding platform that allows citizens to
14 make private donations to the Hawaii 3R's school repair and
15 maintenance fund under section 302A-1502.4, Hawaii Revised
16 Statutes, to be used to fund specific repair and maintenance
17 projects.

18 (b) In administering the pilot program, Hawaii 3R's shall:

19 (1) In consultation with the department of education,
20 select two Hawaii public schools and fund one project
21 on the repair and maintenance backlog list at each
22 school using crowdfunding; provided that each



1 crowdfunding project shall be initiated by a member of
2 the community and be approved by the principal or
3 administrator of the selected school;

4 (2) Expend funds appropriated by the legislature to the
5 Hawaii 3R's school repair and maintenance fund to make
6 grants to match the amount of private donations
7 received for each of the crowdfunding projects;
8 provided that the total amount of matching funds shall
9 not exceed \$50,000 per project; and

10 (3) Allocate ten per cent of the moneys received as
11 private donations for crowdfunding projects to finance
12 a repair and maintenance project at a public school in
13 Hawaii that qualifies for federal financial assistance
14 under Title I, Part A, of the Elementary and Secondary
15 Education Act.

16 (c) As used in this Act, "crowdfunding" means the practice
17 of funding a project by raising many small monetary donations,
18 for example, less than \$2,000, from a large number of people,
19 for example, twenty or more, via the Internet.

20 SECTION 3. No later than twenty days prior to the
21 convening of the regular session of 2015, the superintendent of
22 education shall submit a report to the legislature on the



1 implementation and efficacy of the crowdfunding pilot project.
 2 The report shall include a recommendation on the feasibility of
 3 using crowdfunding to fund other projects in the department of
 4 education and proposed legislation as may be necessary to
 5 permanently implement crowdfunding.

6 SECTION 4. There is appropriated out of the general
 7 revenues of the State of Hawaii the sum of \$ or so
 8 much thereof as may be necessary for fiscal year 2014-2015 for
 9 the school repair and maintenance crowdfunding pilot program
 10 established pursuant to section 2 of this Act.

11 The sum appropriated shall be expended by the Hawaii 3R's
 12 for the purposes of this Act.

13 SECTION 5. This Act shall take effect on July 1, 2014.
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INTRODUCED BY:

Bob Luken

David J. ...
Richard ...

Richard ...

Tom ...

Jan ...

JAN 23 2014

Yesselin ...



H.B. NO. 2631

Report Title:

Public School; Repair and Maintenance; Hawaii 3R's;
Crowdfunding; Pilot Program; Appropriation

Description:

Establishes a civic crowdfunding pilot program to fund specific repair and maintenance projects at Hawaii public schools. Requires the superintendent of education to submit a report on the implementation and efficacy of the program, as well as the feasibility of using crowdfunding for other department of education projects. Appropriates funds.

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