

Honolulu, Hawaii

FEB 13 2013

RE: S.B. No. 1021  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 1021 entitled:

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

begs leave to report as follows:

The purpose and intent 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 their duties.

Your Committee received testimony in support of this measure from the Department of the Attorney General, Hawai'i Alliance of Nonprofit Organizations, and Aloha Society of Association Executives.

Your Committee finds that at common law, directors of corporations have an absolute right of access to corporate records. Although sections of the Hawaii Revised Statutes create a judicially enforceable right for members of membership-based nonprofit corporations to inspect the books and records of the corporation, there is no comparable provision that a director shall have the same reasonable access.

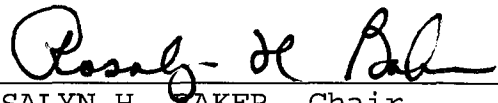
Your Committee further finds that this measure authorizes directors of a nonprofit corporation to have access to corporate records for proper purposes. This ensures meaningful self regulation by directors of the corporation and allows directors to adhere to their statutory duty of care.



Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1021, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1021, S.D. 1, and be referred to the Committee on Judiciary and Labor.

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



ROSALYN H. BAKER, Chair



