

Honolulu, Hawaii

FEB 19 2015

RE: S.B. No. 1067
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committees on Judiciary and Labor and Commerce and
Consumer Protection, to which was referred S.B. No. 1067 entitled:

"A BILL FOR AN ACT RELATING TO CHARITABLE SOLICITATION,"

beg leave to report as follows:

The purpose and intent of this measure is to amend the laws
relating to the solicitation of funds from the public by:

- (1) Permitting the Attorney General to require a professional solicitor to electronically submit a financial report after a solicitation campaign;
- (2) Assessing a fine for the late filing of a financial report by a professional solicitor;
- (3) Requiring the professional solicitor to provide a copy of a financial report to the charitable organization to which the financial report pertains within ten days of submitting the financial report to the Attorney General;
- (4) Permitting the Attorney General to require a charitable organization to submit its application for an exemption from registration and financial disclosure requirements electronically with the use of electronic signatures; and
- (5) Recognizing the Northwest Accreditation Commission for primary and secondary schools as an authorized



accrediting agency for educational institutions under exempt charitable organizations.

Your Committees received testimony in support of this measure from the Department of the Attorney General and Hawaii Alliance of Nonprofit Organizations. Your Committees received testimony in opposition to this measure from the Libertarian Party of Hawaii.

Your Committees find that the Department of the Attorney General will soon deploy an internet-based filing system for professional solicitors and professional fundraising counsels. This measure will facilitate the electronic submissions of financial reports and registration documents and facilitate public access to information about registered professional solicitors and exempt charitable organizations. Furthermore, by imposing late fees for the late filing of financial reports, this measure creates a financial incentive for professional solicitors to file in a timely manner.

Your Committees have amended this measure by:

- (1) Adopting suggested language from the Department of the Attorney General that incorporates certain provisions from S.B. No. 2250, S.D. 2, H.D. 1 (Regular Session of 2014) to:
 - (A) Allow a central or parent organization that has received a group exemption letter from the Internal Revenue Service to submit to the Department of the Attorney General a consolidated application for registration for itself and any or all of the subordinate organizations covered under the group exemption;
 - (B) Clarify the terms and requirements of the written consent obtained by a commercial co-venturer and permit the Attorney General to require the written consent to be submitted electronically with the use of electronic signatures;
 - (C) Authorize the Attorney General to issue a cease and desist order when a commercial co-venturer engages in an act or practice that is in violation of chapter 467B, Hawaii Revised Statutes, and impose a fine for each violation;



- (D) Clarify the requirements for the filing of annual financial reports and require these reports to be submitted electronically to the Department of the Attorney General; and
- (E) Amend the filing fee from \$10 to \$0 for charitable organizations that have a total gross revenue of less than \$25,000 during the time covered by the financial report at the close of the calendar or fiscal year adopted by that charitable organization;
- (2) Inserting an effective date of January 7, 2059, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Judiciary and Labor and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1067, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1067, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Judiciary and
Labor and Commerce and Consumer
Protection,



ROSALYN H. BAKER, Chair



GILBERT S.C. KEITH-AGARAN,
Chair



