

Honolulu, Hawaii

March 24, 2016

RE: S.B. No. 2812
S.D. 2
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and
Judiciary, to which was referred S.B. No. 2812, S.D. 2, entitled:

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

beg leave to report as follows:

The purpose of this measure is to amend the charitable
solicitation and registration law.

Specifically, this measure:

- (1) Exempts individuals who prepare grant or subsidy applications from the charitable solicitation and registration requirements;
- (2) Requires professional solicitors to make various disclosures at the start of any contribution solicitation;
- (3) Authorizes the Attorney General to require that professional solicitors submit their end of solicitation campaign financial reports electronically;
- (4) Imposes fees for reports not filed in a timely manner;
- (5) Amends late filing penalties labeled as "fines" to "late filing fees"; and



- (6) Expands the charitable organizations that are exempt from registration and financial disclosure requirements.

The Hawaii Alliance of Nonprofit Organizations; Association of Fundraising Professionals Aloha Chapter; and an individual supported this measure. The Department of the Attorney General (Department) offered comments.

Your Committees have amended this measure by:

- (1) Specifying that charitable organizations that do not solicit contributions are not subject to registration;
- (2) Requiring an accounting to each charity by a commercial co-venturer no more than 90 days after any charitable sales promotion;
- (3) Authorizing the Department to issue cease and desist orders and impose administrative fines for to commercial co-venturers for violations;
- (4) Providing for the electronic submission of consent forms signed by both the charitable organization and the commercial co-venturer;
- (5) Clarifying that a charitable organization may submit its financial annual report to the Department within 10 days after it has been filed with the Internal Revenue Service;
- (6) Clarifying that a registered charitable organization must submit an audited financial report if its contributions rather than gross revenue exceeds \$500,000;
- (7) Removing the \$10 annual fee for registered charities with under \$25,000 in gross revenues;
- (8) Clarifying that charitable organizations must apply for and be granted an exemption from registration from the Department;
- (9) Removing the expanded exemption to registration and financial disclosure requirements of licensed hospitals;



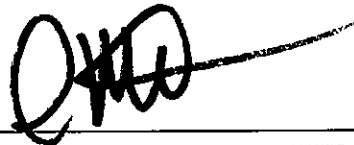
- (10) Authorizing that the Department may require electronic submission of applications for exemption; and
- (11) Making technical nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2812, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2812, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

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



KARL RHOADS, Chair



ANGUS L.K. MCKELVEY, Chair



