



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-EIGHTH LEGISLATURE, 2016**

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**ON THE FOLLOWING MEASURE:**

S.B. NO. 2812, S.D. 2, H.D. 1, RELATING TO CHARITABLE SOLICITATION.

**BEFORE THE:**

HOUSE COMMITTEE ON FINANCE

**DATE:** Friday, April 1, 2016

**TIME:** 1:00 p.m.

**LOCATION:** State Capitol, Room 308

**TESTIFIER(S):** Douglas S. Chin, Attorney General or  
Hugh R. Jones, Deputy Attorney General

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Chair Luke and Members of the Committee:

The Department of the Attorney General (the “Department”) supports the passage of this measure as amended by the House Committees on Consumer Protection & Commerce and on Judiciary.

The purposes of this bill are to amend Hawaii’s Charitable Solicitation and Registration law to make the following amendments: (1) clarify that persons are not subject to registration requirements applicable to professional fundraising counsels, solely by virtue of the fact that they assist in preparing and submitting grant and/or subsidy proposals and applications on behalf of a charity; (2) require registered professional solicitors to make certain affirmative disclosures in the course of solicitation to ensure that potential donors know they are being contacted by a paid solicitor and to prevent donor confusion; (3) clarify that only charitable organizations that solicit contributions from the public are subject to the charitable solicitation registration requirements, and allow charities that have a group exemption ruling from the Internal Revenue Service to register on behalf of all subordinate organizations; (4) provide for the electronic submission of end of solicitation campaign financial reports by professional solicitors to the Department and authorize a late filing fee for the late submission of such reports; (5) clarify provisions applicable to commercial co-venturers and create penalties for non-compliance; (6) extend the filing due date for charities to submit their annual report, tie the requirement for audited financial statements to “contributions” and not gross revenues, and eliminate the annual fee for charitable organizations that have under \$25,000 in gross revenues; and (7) clarify that an application for

exemption must be submitted and approved by the Department, and add another educational accrediting institution.

We respectfully request the Committee's favorable consideration of this measure.

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March 31, 2016

To: House of Representatives Committee on Finance  
Representative Sylvia Luke, Chair  
Representative Scott Y. Nishimoto, Vice Chair

Re: SB 2812, SD2, HD1 Relating to Charitable Solicitation – **SUPPORT**  
Hearing: Friday, April 1, 2016; Room 308; 1:00 PM

Honorable Representative Sylvia Luke and Finance Committee Members:

Aloha United Way **supports** SB 2812, SD2, HD1 relating to charitable solicitation which amends Hawaii's charitable registration and solicitation law to make reporting requirements more consistent and appropriate for the size of the nonprofit.

Nonprofit funding spent on reporting is not being spent on the nonprofits mission to improve the quality of life in our community. There is a delicate balance between collecting the information required to govern the operation of nonprofits and the costs associated with providing the reports. The changes envisioned in SB 2812, SD2, HD1 make appropriate adjustments to the reporting requirements while preserving the Attorney General's mandate to gather adequate information to monitor and evaluate the agency's performance.

Thank you for the opportunity to submit testimony. We urge your favorable consideration of SB 2812, SD2, HD1.

Sincerely,



Norm Baker  
Chief Operating Officer



**LATE**

**Testimony to the House Committee on Finance  
Representative Sylvia Luke, Chair  
Representative Scott Nishimoto, Vice-Chair  
Wednesday March 23, 2016, 2:10 p.m.  
Conference Room 308  
SB 2812 SD 2, HD 1, Relating to Charitable Solicitation**

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Dear Chair Luke, Vice-Chair Nishimoto, and members of the Finance Committee:

On behalf of the Hawai'i Alliance of Nonprofit Organizations, I would like to offer our comments in **support of SB 2812, SD 2, HD 1** relating to charitable solicitation.

Hawai'i Alliance of Nonprofit Organizations (HANO) is a statewide, sector-wide professional association of nonprofits. Our mission is to unite and strengthen the nonprofit sector as a collective force to improve the quality of life in Hawai'i. Our member organizations provide essential services to every community in the state.

HANO supports this measure because it improves and clarifies the charitable solicitation law and makes filing simpler for charitable organizations. HANO supports the suggested changes by the Attorney General. Changes that HANO supports in particular are:

- Filing fees: Reduces the annual filing fee from \$10 to \$0 for small organizations (under \$25,000 in annual revenue). This change would encourage additional small organizations to file reports instead of filing for exemptions. With more organizations filing reports, the state will have more data about Hawaii's nonprofit sector.
- Changing reference to "fines" in several parts of the chapter to "late fees"
- Audited financial reports: Required audited financial reports for organizations with contributions (instead of gross revenues) over \$500,000. Audited financial reports prepared by CPAs are extremely costly, and represent a major burden for smaller nonprofits. Furthermore, they may be unnecessary for many smaller nonprofits with relatively uncomplicated financial structures. This change will relieve many small to medium nonprofits from the burden of this expense. Please note that nonprofits will still be subject to other reporting requirements, including submitting their IRS Form 990 that includes extensive financial and governance disclosures.

Thank you for the opportunity to provide written testimony.

Lisa Maruyama, President and CEO