



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-NINTH LEGISLATURE, 2017**

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 1028, H.D. 1, RELATING TO CHARITABLE ORGANIZATIONS.

**BEFORE THE:**

HOUSE COMMITTEE ON JUDICIARY

**DATE:** Friday, February 24, 2017

**TIME:** 2:00 p.m.

**LOCATION:** State Capitol, Room 325

**TESTIFIER(S):** Douglas S. Chin, Attorney General, or  
Stacie Nakamura, Deputy Attorney General

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Chair Nishimoto and Members of the Committee:

The Department of the Attorney General supports this Administration bill but is requesting two amendments to this bill as described below. The purpose of this bill is to make amendments to the laws governing the regulation of charitable organizations and activities in Hawaii.

As introduced, the bill created a new section in the law to require disclosure statements on collection boxes where the public may donate personal property to alert the public to whether a nonprofit or for-profit entity owns the box so that the public's decision to make a donation is an informed one. We are asking that this bill be amended to delete this section. We have received comments that certain collection boxes for things such as eyeglasses are very small and compliance with the required disclosures would be difficult. In addition, there has been a suggestion that the disclosures only be required for boxes owned by for-profit entities. We believe these are issues that need further discussion and therefore request that Section 1 of this bill be deleted at this time.

In addition, although the bill in its current form is effective upon approval, section 9 of the bill on page 17, lines 11 – 13, delays compliance until January 1, 2018. We request that this bill be effective upon approval and that the additional wording delaying compliance be deleted.

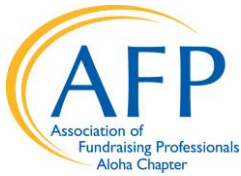
The remaining provisions in the bill revise the laws governing charitable organizations as described below.

The bill adds a definition of "property" to clarify the scope of the Attorney General's authority over protection of charitable assets. Act 217, Session Laws of Hawaii 2014, codified section 3 of the Model Protection of Charitable Assets Act (Act) as section 28-5.2, Hawaii Revised Statutes. Section 28-5.2 gives the Attorney General regulatory authority over charitable assets regardless of the form in which they are held. The term "charitable asset" is defined by section 28-5.2(d) as property. This bill will create a new definition of "property" using wording from the Commentary to section 3 of the Act to provide greater clarity and guidance.

The bill contains several housekeeping provisions addressing the regulation of charitable organizations and activities. These include provisions: allowing agents to electronically sign initial registrations rather than allowing only a corporate officer to do so; requiring notification and specifying procedures for deactivations of registrations for charities no longer operating in Hawaii; clarifying due dates and procedures for filing of financial reports for fundraising campaigns by professional solicitors; clarifying that the timeline for the annual filing requirement for private foundations is the same as for other charities; deleting the requirement that the Attorney General approve extensions for filing annual reports since those are already governed by the due dates imposed by the Internal Revenue Service; updating wording describing approved accrediting organizations for purposes of exempting educational institutions and affiliated supporting organizations from registration; and clarifying that there are discrete exemption categories for educational institutions and affiliated supporting organizations.

This bill will assist the Attorney General in his oversight of charitable organizations and fundraising activities, will clarify regulatory procedures for the nonprofit sector, and will provide additional disclosures to the public.

We respectfully request that the Committee pass this bill with the two amendments described above.



**Our Vision:** Charitable organizations have the philanthropic resources necessary to fulfill their missions for a better Hawaii.

**Our Mission:** We advance philanthropy throughout Hawaii by actively promoting the practice of ethical and effective fundraising with education, training, advocacy, and mentoring for the benefit of all, with the spirit of aloha.

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February 24, 2017/2:00pm  
Conference Room 325

House Committee on Judiciary

To: Representative Scott Y. Nishimoto, Chair  
Representative Joy A. San Buenaventura, Vice Chair

From: Sanae Tokumura, ACFRE, APR  
President

RE: HB 1028 HD1 – Testimony in Support

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My name is Sanae Tokumura, President of the Association of Fundraising Professionals – Aloha Chapter (AFP Aloha Chapter). The AFP Aloha Chapter advances philanthropy throughout Hawaii by actively promoting the practice of ethical and effective fundraising. We are committed to education, training, advocacy, and mentoring in the field of fundraising for the benefit of all, with the spirit of aloha. Founded in Hawaii in 1983, the Association of Fundraising Professionals (AFP) Aloha Chapter is a professional association whose membership is comprised of persons involved in non-profit development, non-profit management and fundraising consulting. The chapter members represent organizations on Oahu, Maui, Kauai and the Big Island.

The Association of Fundraising Professionals Aloha Chapter supports HB 1028 HD1 and the multiple amendments it makes to the laws governing the regulation of charitable organizations in Hawai'i. AFP appreciates this measure's proposals that seek to improve and clarify the charitable solicitation law.

Thank you for the opportunity to testify in support of HB 1028 HD1.



**LATE**

**Testimony to the House Judiciary Committee  
Representative Scott Nishimoto, Chair  
Representative Joy San Buenaventura, Vice Chair  
Friday, February 24, 2017, 2 p.m.  
Conference Room 325  
HB 1028, HD 1 - Relating to Charitable Organizations**

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Dear Chair Nishimoto, Vice Chair San Buenaventura and members of the JUD Committee:

On behalf of the Hawai'i Alliance of Nonprofit Organizations, I would like to offer our comments in **support of HB 1028**, HD 1, relating to charitable organizations.

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 generally supports the changes outlined in this measure, which seek to improve and clarify the charitable solicitation law. Regarding the proposed amendments to regulate collection bins, we understand the Attorney General will take more time to consider those requirements, and we support that.

HANO supports regulation that ensures greater transparency and trust for nonprofits who are fundraising via collection bins, but not if the regulations are overly burdensome and too complicated to be compliant. We support the protection of consumers/donors as well as nonprofits themselves from the risks of co-ventures, but would not want extreme regulatory measures to hinder the spirit of giving, or nonprofits' abilities to fundraise to meet their missions.

Regarding simultaneous filings of 990 tax forms with the Attorney General and the IRS, we do not object to this deadline change, but ask that the Attorney General's office message those changes to nonprofit filers. We are happy to support getting the word out.

Thank you for the opportunity to provide written testimony.

Mahalo,  
Lisa Maruyama  
President & CEO