

HB1028 HD2

Measure Title: RELATING TO CHARITABLE ORGANIZATIONS.

Report Title: Charitable Organizations; Attorney General; Reports; Enforcement

Description: Clarifies the Attorney General's regulatory authority over charitable organizations and charitable assets. Establishes procedures for deactivation of an obsolete charitable organization. Clarifies requirements for financial reports for solicitation campaigns and charitable organizations' annual reports. Makes housekeeping amendments to exemptions from registration and reporting requirements. (HB1028 HD2)

Companion: [SB894](#)

Package: Governor

Current Referral: CPH, JDL

Introducer(s): SOUKI (Introduced by request of another party)



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

ON THE FOLLOWING MEASURE:

H.B. NO. 1028, H.D. 2, RELATING TO CHARITABLE ORGANIZATIONS.

BEFORE THE:

SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND
HEALTH

DATE: Tuesday, March 21, 2017

TIME: 9:00 a.m.

LOCATION: State Capitol, Room 229

TESTIFIER(S): Douglas S. Chin, Attorney General, or
Kathryn-Jean Kanemori, Deputy Attorney General

Chair Baker and Members of the Committee:

The Department of the Attorney General supports this Administration bill but is requesting that the effective date of the bill be changed to July 1, 2017. The purpose of this bill is to make amendments to the laws governing the regulation of charitable organizations and activities in Hawaii.

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 the 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 an effective date of July 1, 2017 for all sections of the bill.