



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

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**ON THE FOLLOWING MEASURE:**

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

**BEFORE THE:**

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

**DATE:** Thursday, February 9, 2017      **TIME:** 2:00 p.m.

**LOCATION:** State Capitol, Room 329

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

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Chair McKelvey and Members of the Committee:

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

Specifically, this bill would create a new section to require disclosure statements on collection boxes where the public may donate personal property. These disclosure statements will 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.

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 language 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.



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**Testimony to the Consumer Protection and Commerce Committee  
Representative Angus McKelvey, Chair  
Representative Linda Ichiyama, Vice Chair  
Thursday February 9, 2017, 2 p.m.  
Conference Room 329  
HB 1028 - Relating to Charitable Organizations**

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Dear Chair McKelvey, Vice Chair Ichiyama and members of the CPC Committee:

On behalf of the Hawai'i Alliance of Nonprofit Organizations, I would like to offer our comments in **support of HB 1028**, 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. In particular, regarding the filing of 990 tax forms upon filing with the IRS, we wonder if there is an electronic method for filing with the IRS and simultaneously also filing with the Attorney General's office to facilitate the filing happening at the same time.

Thank you for the opportunity to provide testimony.

Mahalo,  
Lisa Maruyama  
President & CEO

TO: Members of the Committee on Consumer Protection & Commerce

FROM: Natalie Iwasa, CPA, CFE  
Honolulu, HI 96825  
808-395-3233

HEARING: 2 p.m. Thursday, February 9, 2017

SUBJECT: HB 1028 – Charitable Organizations **SUPPORT Deactivation**

Aloha Chair and Committee Members,

Thank you for allowing me the opportunity to provide testimony on HB 1028, which makes several changes to the law regarding charitable organizations.

Changes to Section 467B-2.1 would allow organizations to apply for deactivation. I support this and ask you to pass at least this portion of the bill.

Some organizations may change their operations and no longer rely on public contributions. It makes sense to then allow them to deactivate.