

Honolulu, Hawaii

February 12, 2018

RE: H.B. No. 2321

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2321 entitled:

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

begs leave to report as follows:

The purpose of this measure is to make clarifying amendments to Hawaii's charitable solicitations laws by:

- (1) Replacing the term "gross revenue" with "total revenue" to be consistent with the IRS Form 990;
- (2) Clarifying that professional solicitors must file financial reports annually and after the completion of the campaign or event;
- (3) Requiring co-venturers to deliver an accounting and the benefit to the charitable organization within a specified timeframe; and
- (4) Relieving registered charitable organizations that receive more than \$500,000 in contributions and are not required to obtain an audit report by any other party from the requirement to submit an audit report to the Attorney General; and



- (5) Protecting audit reports from all charitable organizations, not just charities, from public disclosure.

The Department of the Attorney General, Aloha United Way, Association of Fundraising Professionals Aloha Chapter, Hawaii Association of Independent Schools, and Hawaii Council of Private Schools, LLC testified in support of this measure.

Your Committee has amended this measure by:

- (1) Making educational institutions licensed by the Hawaii Council of Private Schools eligible for exemption from the registration and financial disclosure requirements;
- (2) Changing its effective date to July 1, 2050, to promote further discussion; and
- (3) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2321, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2321, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ROY M. TAKUMI, Chair



