

STAND. COM. REP. NO.

2765

Honolulu, Hawaii

MAR 02 2018

RE: S.B. No. 2747  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2747, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO NONPROFIT CORPORATIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to update the Hawaii Nonprofit Corporations Act.

Specifically, this measure:

- (1) Clarifies that a public benefit corporation may not purchase its memberships;
- (2) Clarifies that the term "director" only includes those who have the authority to vote as a member of the board;
- (3) Clarifies that a corporation with members may provide for appointment by some other person, or designation, of some of its directors; and
- (4) Provides the Attorney General with more time to review a proposed sale or other disposition of substantially all of the assets of a corporation, other than in the regular course of its activities.



Your Committee received written comments in support of this measure from the Department of the Attorney General.

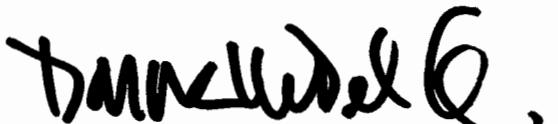
Your Committee finds that this measure expressly prohibits a public benefit corporation from using its charitable assets to purchase its memberships, an action that is effectively a distribution to the corporation's members and is not consistent with a public benefit corporation's charitable purpose.

Your Committee has amended this measure by:

- (1) Clarifying that a corporation with members may appoint directors by designation, if provided by the corporation's articles of incorporation or bylaws; and
- (2) Making a technical nonsubstantive change for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2747, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2747, S.D. 2.

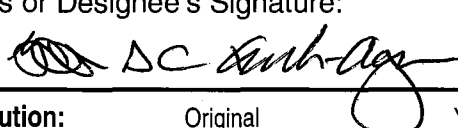
Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
DONOVAN M. DELA CRUZ, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB 2747, SDI</b>	Committee Referral: <b>CPH/JDC, WAM</b>	Date: <b>2/28/18</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
GALUTERIA, Brickwood	X			
HARIMOTO, Breene	X			
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i				X
KIDANI, Michelle N.	X			
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.	X			
WAKAI, Glenn	X			
<b>TOTAL</b>	10			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes