

**WRITTEN TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-NINTH LEGISLATURE, 2018**

LATE

ON THE FOLLOWING MEASURE:

S.B. NO. 2748, S.D. 1, RELATING TO CHARITABLE SOLICITATION.

BEFORE THE:

SENATE COMMITTEE ON WAYS AND MEANS

DATE: Tuesday, February 13, 2018 **TIME:** 10:30 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**

(For more information, contact Hugh R. Jones,
Deputy Attorney General, at 586-1470)

Chair Dela Cruz and Members of the Committee:

The Department of the Attorney General supports this bill and requests that the bill be passed in its current form. This bill amends Hawaii's charitable solicitation and registration law, chapter 467B, Hawaii Revised Statutes (HRS).

Specifically, this bill will (1) replace the terms "gross receipts" and "gross revenue" with "total receipts" and "total revenue" to be consistent with the Internal Revenue Service (IRS) Form 990 terminology, (2) ensure that the public receives timely information about professional solicitation campaigns by clarifying that professional solicitors that conduct solicitation campaigns lasting more than one year must file financial reports annually, and file a financial report after the end of the campaign, (3) protect charitable organizations by requiring commercial co-venturers to deliver an accounting and the benefit to the charitable organization for which it is soliciting within ninety days of the end of the promotion, and within ninety days of the anniversary of the promotion lasting greater than one year, (4) relieve registered organizations that receive more than \$500,000 in contributions, and that are not required to obtain an audit report by any other party from the requirement to submit an audit report, (5) protect audited financial statements from public disclosure for all charitable organizations, not just charities, and (6) reinsert the Hawaii Council of Private Schools as a licensing or

accrediting organization under section 467B-11.5, HRS. The bill is effective upon approval. 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 in its current form.



LATE

TO: The Honorable Donovan Dela Cruz, Chair
The Honorable Gil Keith-Agaran, Vice Chair
Senate Committee on Ways and Means

FROM: Philip J. Bossert, Executive Director
Hawaii Association of Independent Schools

RE: **SB 2748 SD1 - RELATING TO CHARITABLE ORGANIZATIONS**
In Support

DATE: Tuesday, February 13, 2018
10:30 am, Conference Room 211

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

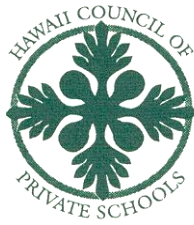
The Hawaii Association of Independent Schools (HAIS) is a membership organization that currently represents 93 of Hawaii’s private and independent schools; and, in collaboration with the Western Association of Schools & Colleges (WASC) accredits 51 of those 93 institutions. The other 43 institutions are either licensed by HAIS’s subsidiary organization, the Hawaii Council of Private Schools (HCPS) but choose not to be accredited by HAIS/WASC, or they are accredited by some other educational accrediting body, such as those representing Catholic schools, Adventist schools, Christina schools, etc.

In 1995, Act 188 deregulated Hawaii Dept. of Education’s (HDOE) licensing of Hawaii private schools. The legislature requested that HAIS form a new subsidiary organization to take over the responsibility from HDOE for licensing of private schools in Hawaii. In a 1998 memorandum of agreement between HDOE and HAIS, HCPS was formed by HAIS to license Hawaii private schools and to ensure that transcripts and credits earned at HCPS-licensed schools would continue to be recognized and accepted as valid for transfer to other educational institutions.

HCPS has performed this licensing function since 1998 and has been included in the Hawaii Office of the Attorney General’s list of authorized accrediting and licensing organizations. However, HCPS was inadvertently removed from this list of acknowledged licensing and accrediting agencies, due to the dissolution of HCPS as a not-for-profit corporation and its restructuring as a Limited Liability Corporation.

Thus, HAIS supports SB 2748 SD1 as amended to include HCPS once again as a recognized licensing agency for all private schools in the State of Hawaii.

Thank you.



LATE

TO: The Honorable Donovan Dela Cruz, Chair
The Honorable Gil Keith-Agaran, Vice Chair
Senate Committee on Ways and Means

FROM: Edna L. Hussey, Chair
Hawaii Council of Private Schools

RE: **SB 2748 SD1 - RELATING TO CHARITABLE ORGANIZATIONS**
In Support

DATE: Tuesday, February 13, 2018
10:30 am, Conference Room 211

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Hawaii Council of Private Schools, LLC, is a subsidiary of the Hawaii Association of Independent Schools. In 1995, Act 188 deregulated HDOE's licensing of Hawaii private schools.

In a 1998 memorandum of agreement between HDOE and HAIS, HCPS was formed by HAIS to license Hawaii private schools and to ensure that transcripts and credits earned at HCPS-licensed schools would continue to be recognized and accepted as valid.

The Hawaii Council of Private Schools (HCPS, LLC) supports SB 2748 SD1 with amendments. There are approximately 80 licensed private schools among nearly 150 schools in Hawaii operating as educational programs. An HCPS-licensed school must meet established licensing criteria, which address safety and health, a viable educational program, facilities, governance, administration, faculty/staff, admissions, and finances. A school must be re-licensed upon the expiration of term of license.

HCPS supports SB 2748 SD1 as amended to include HCPS once again as one of the charitable organizations recognized in section 467B-11.5 of the Hawaii Revised Statutes. Unfortunately, we were inadvertently deleted through Act 86 in last year's 2017 Legislative Session.

Thus, the Hawaii Council of Private Schools, in conjunction with the Hawaii Association of Independent Schools, supports SB 2748 SD1. Thank you for the opportunity to submit testimony.



LATE

**Testimony to the Senate Ways and Means Committee
Senator Donovan Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Tuesday, February 13, 2018, 10:30 a.m.
Conference Room 211
SB 2748, SD 1 - Relating to Charitable Organizations**

Dear Chair Dela Cruz and Vice Chair Keith-Agaran, and members of the WAM Committee:

On behalf of the Hawai`i Alliance of Nonprofit Organizations, I would like express **support of SB 2748, SD 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 supports all changes being made in this bill including changing “gross revenue” to “total revenue,” clarifying when professional solicitors must file financial reports, clarifying when commercial co-venturers must provide the charitable organization with an accounting and the benefit, and eliminating the need for charitable organizations to provide an audit report.

Thank you for the opportunity to provide written testimony in support of these changes.

Mahalo,
Lisa Maruyama
President & CEO