

STAND. COM. REP. NO.

140

Honolulu, Hawaii

February 7, 2019

RE: H.B. No. 944
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which
was referred H.B. No. 944 entitled:

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

begs leave to report as follows:

The purpose of this measure is to clarify statutes regulating
nonprofit corporations registered in the State by:

- (1) Prohibiting a public benefit corporation, also known as
a 501(c)(3) corporation, from purchasing its own
memberships;
- (2) Clarifying the functions, duties, and selection of
members of a nonprofit organization's board of
directors;
- (3) Clarifying the duties of officers of nonprofit
corporations; and
- (4) Clarifying the time limit for a nonprofit corporation to
provide notice to the Attorney General of the disposal
of all or substantially all of the corporation's
property outside of the ordinary course of business.



The Department of the Attorney General and Hawai'i Alliance of Nonprofit Organizations testified in support of this measure.

Your Committee has amended this measure by:

- (1) Adding language to authorize a board of directors to take action without a board meeting through electronic means;
- (2) Changing its effective date to July 1, 2050, to promote further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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. 944, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 944, H.D. 1, and be referred to your Committee on Judiciary.

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



ROY M. TAKUMI, Chair



