STAND. COM. REP. NO.

Honolulu, Hawaii February 1, 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.

STAND. COM. REP. NO. 140 Page 2

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:

HB944 HD1 HSCR CPC HMS 2019-1694

- 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

## State of Hawaii House of Representatives The THIRTIETH Legislature



## **Record of Votes of the Committee on Consumer Protection & Commerce**

| Bill/Resolution No.:<br>H13 944   | Committee Referral: |           | Date: 2/1/19 |         |
|---|---------------------|-----------|--------------|---------|
| The committee is reconsidering its previous decision on the measure.  |                     |           |              |         |
| The recommendation is to:   Pass, unamended (as is)   Pass, with amendments (HD)   Hold     Pass short form bill with HD to recommit for future public hearing (recommit) |                     |           |              |         |
| CPC Members   | Ayes                | Ayes (WR) | Nays         | Excused |
| 1. TAKUMI, Roy M. (C)   |                     |           |              |         |
| 2. ICHIYAMA, Linda (VC)   | ~                   |           |              |         |
| 3. AQUINO, Henry J.C.   |                     |           |              | ✓       |
| 4. BELATTI, Della Au  |                     |           |              |         |
| 5. CABANILLA ARAKAWA, Rida  |                     |           |              |         |
| 6. CACHOLA, Romy M.   |                     |           |              |         |
| 7. HAR, Sharon E.   | · · ·               |           |              |         |
| 8. KONG, Sam Satoru   | ~                   |           |              |         |
| 9. MIZUNO, John M.  |                     |           |              |         |
| 10. ONISHI, Richard H.K.  | ✓ ✓                 |           |              |         |
| 11. MATSUMOTO, Lauren   | ✓                   |           |              |         |
|   |                     |           |              |         |
|   |                     |           |              |         |
|   |                     |           |              |         |
| TOTAL (11) 7 0 4   The recommendation is: Adopted In Not Adopted If joint referral,   |                     |           |              |         |
| Vice Chair's or designee's signature:   |                     |           |              |         |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO  |                     |           |              |         |