

Honolulu, Hawaii

FEB 15 2019

RE: S.B. No. 1172
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 1172 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to clarify Hawaii's
charitable solicitation laws by:

- (1) Replacing the term "gross revenue" with "total revenue";
- (2) Defining the term "total revenue" for purposes of
calculating the annual filing fee;
- (3) Clarifying when professional solicitors must file
financial reports;
- (4) Clarifying when commercial co-venturers must provide a
charitable organization with an accounting and the date
by which a benefit must be conferred; and
- (5) Making other housekeeping amendments.

Your Committee received testimony in support of this measure
from the Department of the Attorney General, University of Hawai'i
Foundation, and Hawai'i Alliance of Nonprofit Organizations.



Your Committee finds that this measure clarifies terms for consistency with Internal Revenue Service forms, provides oversight of charitable organizations and fundraising activities, clarifies regulatory procedures for the non-profit sector, and provides additional resources to the public. Furthermore, this measure provides greater clarity concerning the role of non-voting directors of non-profit corporations.

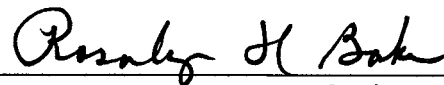
Your Committee notes that because professional audits can be very expensive, especially for organizations that just meet the existing requirement of having contributions in excess of \$500,000 per year, further amendments are needed to this measure.

Your Committee has amended this measure by:

- (1) Clarifying that charitable organizations are required to submit financial audits only when otherwise required to do so by other external entities; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1172, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1172, S.D. 1, and be referred to your Committee on Judiciary.

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



ROSALYN H. BAKER, Chair



