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# A BILL FOR AN ACT

RELATING TO CORPORATIONS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that Hawai'i's corporate  
2 reporting requirements serve important interests: providing  
3 shareholders with information, deterring actual corruption and  
4 avoiding any appearance thereof, and gathering the data  
5 necessary to enforce more substantive electioneering  
6 restrictions.

7           The legislature further finds that the State has an  
8 interest in ensuring that shareholders are informed of corporate  
9 affairs. Corporate reporting obligations provide information to  
10 shareholders "about who is speaking - 'information that is vital  
11 to the efficient functioning of the marketplace of ideas, and  
12 thus to advancing the democratic objectives underlying the First  
13 Amendment.'" *Yamada v. Snipes*, 786 F.3d 1182, 1197 (9th Cir.  
14 2015) (quoting *Human Life of Washington, Inc. v. Brumsickle*, 624  
15 F.3d 990 (9th Cir. 2010)). This transparency enables  
16 shareholders to make informed decisions. Providing annual  
17 reports directly to shareholders ensures that shareholders will



1 be informed of corporate affairs. Shareholders may also share  
2 information with the electorate at large.

3 Hawai'i's corporate reporting requirements deter actual  
4 corruption by corporations attempting to circumvent reporting  
5 and disclosure requirements and enable corporations to avoid the  
6 appearance of corruption by exposing the source of contributions  
7 and expenditures. Shareholders may use this information to file  
8 derivative suits.

9 Corporate reporting requirements provide a means of  
10 detecting violations of valid contribution limitations and  
11 preventing circumvention of Hawai'i's campaign spending  
12 limitations, including rules that bar contributions by foreign  
13 corporations. Providing reports to shareholders provides  
14 additional scrutiny of compliance with reporting and disclosure  
15 requirements. Shareholders have a unique interest in analyzing  
16 and scrutinizing corporate expenditures.

17 Accordingly, the purpose of this Act is to require domestic  
18 and foreign corporations to provide their shareholders with  
19 reports of independent expenditures and political contributions.



1 SECTION 2. Chapter 414, Hawaii Revised Statutes, is  
2 amended by adding a new section to part XVII to be appropriately  
3 designated and to read as follows:

4 "§414- Report to shareholders; independent expenditures;  
5 political contributions. (a) All domestic and foreign  
6 corporations authorized to transact business in the State that  
7 make more than \$10,000 of independent expenditures and  
8 contributions in a year shall disclose to their shareholders in  
9 an annual report the corporation's independent expenditures and  
10 contributions to any candidate committee or noncandidate  
11 committee. The annual report shall conform to the requirements  
12 of subsection (b), and the resulting report shall be delivered  
13 to shareholders at the same time that the corporation's annual  
14 report is filed pursuant to section 414-472.

15 (b) The domestic or foreign corporation may elect to  
16 report aggregate amounts. The report shall include separate  
17 aggregate totals for independent expenditures, contributions to  
18 noncandidate committees, and contributions to candidate  
19 committees. For each separate aggregate total, the report shall  
20 include an identification of the specific monetary or  
21 nonmonetary benefit that accrued to the domestic or foreign



1 corporation as a direct result of independent expenditures,  
2 contributions to noncandidate committees, and contributions to  
3 candidate committees; provided that the domestic or foreign  
4 corporation shall disclose each specific monetary or nonmonetary  
5 benefit to the domestic or foreign corporation that is zero or  
6 unidentifiable. The corporation may fulfill the requirements of  
7 this subsection by delivering other reports that disclose the  
8 required information in more detail to shareholders, including  
9 reports filed with the campaign spending commission.

10 (c) For the purposes of this section:

11 "Candidate committee" shall have the same meaning as  
12 defined in section 11-302.

13 "Contribution" shall have the same meaning as defined in  
14 section 11-302.

15 "Independent expenditure" shall have the same meaning as  
16 defined in section 11-302.

17 "Noncandidate committee" shall have the same meaning as  
18 defined in section 11-302."

19 SECTION 3. New statutory material is underscored.

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# H.B. NO. 149

1 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

*Dan Carnas*

JAN 14 2025



# H.B. NO. 149

**Report Title:**

Corporation Reports; Independent Campaign Expenditures and Political Contributions

**Description:**

Requires domestic and foreign corporations to provide their shareholders with reports of independent expenditures and political contributions.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

