
A BILL FOR AN ACT

RELATING TO SOLICITATION OF FUNDS FROM THE PUBLIC.

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

1 SECTION 1. The legislature finds that Act 205, Session
2 Laws of Hawaii 2024 (Act 205), was intended to regulate
3 charitable fundraising platforms to ensure proper and
4 transparent fundraising activities in the State.

5 The legislature further finds that Act 205's well-intended
6 language creates undue burdens on charitable fundraising
7 platforms and, more importantly, potentially hampers and
8 inhibits the ability of charitable organizations to respond and
9 fundraise, especially in times of emergency and need.

10 The legislature additionally finds that it would be prudent
11 to amend Act 205 before its scheduled effective date of
12 January 1, 2026, in a manner that would still achieve the
13 important purposes of public protection, donor security, and
14 transparency, but not overburden charitable fundraising
15 platforms, charitable organizations, and the department of the
16 attorney general, who oversees these activities.



1 Accordingly, the purpose of this Act is to amend the
2 language in Act 205 to clarify existing standards and safeguards
3 in online crowdfunding.

4 SECTION 2. Section 467B-2.3, Hawaii Revised Statutes, is
5 amended as follows:

6 1. By amending its title and subsections (a) and (b) to
7 read:

8 "~~§~~467B-2.3~~§~~ **Charitable fundraising platforms;**
9 **platform charities.** (a) Each charitable fundraising platform
10 shall be subject to the department's supervision for activities
11 regulated by this section. Before soliciting, permitting, or
12 otherwise enabling any solicitations for purported charitable
13 purposes, a charitable fundraising platform shall register with
14 the department on a form or in a manner as provided by the
15 department. Registrations under this section shall be subject
16 to an annual report and an annual renewal fee imposed by the
17 department. Fee revenues from this section shall be deposited
18 into the solicitation of funds for charitable purposes special
19 fund.

20 (b) A platform charity shall be subject to the
21 department's supervision. The platform charity shall register



1 with the department as a platform charity before conducting
2 activities regulated by this section[+] and shall only solicit
3 donations through a registered charitable fundraising platform."

4 2. By amending subsections (d) and (e) to read:

5 "(d) No platform charity shall facilitate acts of
6 solicitation on a charitable fundraising platform unless the
7 platform charity is in good standing. If the department
8 notifies a charitable organization that it is prohibited from
9 soliciting or operating in the State, the department shall
10 indicate whether the basis for the prohibition is due to a
11 ministerial deficiency.

12 (e) A charitable fundraising platform or platform charity
13 shall only solicit, permit, or otherwise enable solicitations,
14 or receive, control, or distribute funds from donations for
15 purported charitable purposes for recipient charitable
16 organizations or other charitable organizations in good
17 standing. To determine good standing of a recipient charitable
18 organization or other charitable organization, a charitable
19 fundraising platform [~~or platform charity~~] may rely on
20 [~~electronic lists periodically published by the Internal Revenue~~



1 ~~Service, department of taxation, or department.]~~ the
2 department's registry."

3 3. By amending subsection (i) to read:

4 "(i) The charitable fundraising platform or platform
5 charity shall not divert or otherwise misuse any donations made
6 for purported charitable purposes that the charitable
7 fundraising platform or platform charity receives through
8 solicitation on the charitable fundraising platform, and shall
9 hold the donations in a separate account or accounts from other
10 funds belonging to the charitable fundraising platform or
11 platform charity. The charitable fundraising platform or
12 platform charity shall promptly ensure that donations and grants
13 of recommended donations are sent to the recipient charitable
14 organizations with an accounting of any fees assessed for
15 processing the funds, and in accordance with any rules adopted
16 by the department pursuant to chapter 91. A platform charity
17 shall be [~~vicariously~~] liable for [~~a charitable fundraising~~
18 ~~platform's~~] its misuse of funds[~~, and vice versa~~]. A charitable
19 fundraising platform shall maintain and operate a process for
20 complaints about any fundraising activity regulated by this
21 chapter and shall investigate and make findings on complaints,



1 and, at the request of the department, shall report its findings
2 to the department along with its actions for resolution,
3 including any full refunds of contributions."

4 SECTION 3. Section 467B-2.5, Hawaii Revised Statutes, is
5 amended by amending subsection (c) to read as follows:

6 "(c) A professional solicitor, charitable fundraising
7 platform, or platform charity shall maintain during each
8 solicitation campaign and for not less than three years after
9 the completion of that campaign the following records, which
10 shall be available for inspection upon demand by the attorney
11 general:

12 (1) The date and amount of each contribution received and
13 the name and address of each contributor; provided
14 that an electronic mail address and internet protocol
15 address shall be sufficient for any contribution
16 received over the Internet;

17 (2) The name and residence of each employee, agent, or
18 other person involved in the solicitation;

19 (3) Records of all revenue received and expenses incurred
20 in the course of the solicitation campaign; and



1 (4) The location and account number of each bank or other
2 financial institution account in which the
3 professional solicitor, charitable fundraising
4 platform, or platform charity has deposited revenue
5 from the solicitation campaign."

6 SECTION 4. Section 467B-9, Hawaii Revised Statutes, is
7 amended by amending subsection (d) to read as follows:

8 "(d) No professional solicitor, charitable fundraising
9 platform, or platform charity, and no agent, employee,
10 independent contractor, or other person acting on behalf of the
11 professional solicitor, charitable fundraising platform, or
12 platform charity, shall solicit in the name of or on behalf of
13 any charitable organization unless[+] the charitable fundraising
14 platform or platform charity has obtained written consent
15 pursuant to section 467B-2.3(a) or:

16 (1) The professional solicitor[~~, charitable fundraising~~
17 ~~platform, or platform charity~~] has obtained the
18 written authorization of two officers of the
19 organization, which authorization shall bear the
20 signature of the professional solicitor[~~, charitable~~
21 ~~fundraising platform, or platform charity~~] and the



1 officers of the charitable organization and shall
2 expressly state on its face the period for which it is
3 valid, which shall not exceed one year from the date
4 of issuance, and has filed a copy of the written
5 authorization with the attorney general prior to the
6 solicitation; and

- 7 (2) The professional solicitor [~~charitable fundraising~~
8 ~~platform, or platform charity~~] and any person who, for
9 compensation, acts as an agent, employee, independent
10 contractor, or otherwise on behalf of the professional
11 solicitor, [~~charitable fundraising platform, or~~
12 ~~platform charity,~~] carries a copy of the authorization
13 while conducting solicitations, and exhibits it on
14 request to persons solicited or police officers or
15 agents of the department."

16 SECTION 5. Section 467B-12, Hawaii Revised Statutes, is
17 amended by amending subsection (b) to read as follows:

18 "(b) Each professional solicitor, [~~charitable fundraising~~
19 ~~platform, or platform charity,~~] at the time of each filing,
20 shall file with and have approved by the attorney general a bond
21 in which the applicant is the principal obligor in the penal sum



1 of \$25,000 issued with good and sufficient surety or sureties
 2 approved by the attorney general and which shall remain in
 3 effect for one year. The bond shall inure to the benefit of the
 4 State, conditioned that the applicant, its officers, directors,
 5 employees, agents, servants, and independent contractors shall
 6 not violate this chapter. A partnership or corporation that is
 7 a professional solicitor[~~, charitable fundraising platform, or~~
 8 ~~platform charity~~] may file a consolidated bond on behalf of all
 9 its members, officers, and employees."

10 SECTION 6. Section 467B-12.5, Hawaii Revised Statutes, is
 11 amended by amending subsection (a) to read as follows:

12 "(a) There shall be a written contract between a
 13 charitable organization and a professional fundraising counsel,
 14 professional solicitor, charitable fundraising platform, or
 15 platform charity that shall be filed by the professional
 16 fundraising counsel, professional solicitor, charitable
 17 fundraising platform, or platform charity with the attorney
 18 general. In the case of a professional fundraising counsel or
 19 professional solicitor, a written contract shall be filed at
 20 least ten business days [prior to] before the performance by the
 21 professional fundraising counsel[~~]~~ or professional solicitor[~~]~~



1 ~~charitable fundraising platform, or platform charity]~~ of any
2 service. No solicitation or service pursuant to the contract
3 shall begin before the contract is filed with the attorney
4 general. The contract shall be signed by two authorized
5 officials of the charitable organization, one of whom shall be a
6 member of the organization's governing body, and the authorized
7 contracting officer for the professional fundraising counsel[~~7~~
8 or professional solicitor[~~7, charitable fundraising platform, or~~
9 ~~platform charity~~]. In the case of a charitable fundraising
10 platform or platform charity, a written contract shall be filed
11 with the attorney general before any fundraising activity;
12 provided that when a recipient charitable organization has a
13 contractual relationship with the charitable fundraising
14 platform to facilitate the transfer of funds using a third-party
15 disbursement intermediary, a written contract between a platform
16 charity and a recipient charitable organization shall not be
17 required to be filed unless ordered by the department. The
18 contract shall contain all of the following provisions:
19 (1) The legal name and address of the charitable
20 organization;



- 1 (2) A statement of the charitable purpose for which the
- 2 solicitation campaign is being conducted;
- 3 (3) A statement of the respective obligations of the
- 4 professional fundraising counsel, professional
- 5 solicitor, charitable fundraising platform, or
- 6 platform charity, and the charitable organization;
- 7 (4) A statement of the guaranteed minimum percentage of
- 8 the gross receipts from contributions that will be
- 9 remitted to or retained by the charitable
- 10 organization, if any, or, if the solicitation involves
- 11 the sale of goods, services, or tickets to a
- 12 fundraising event, the percentage of the purchase
- 13 price that will be remitted to the charitable
- 14 organization, if any. The stated percentage shall
- 15 exclude any amount that the charitable organization is
- 16 to pay as fundraising costs;
- 17 (5) Information concerning the compensation of the
- 18 professional solicitor and professional fundraising
- 19 counsel as follows:
- 20 (A) If the compensation of the professional
- 21 fundraising counsel, professional solicitor,



1 charitable fundraising platform, or platform
2 charity is contingent upon the number of
3 contributions or the amount of revenue received,
4 a statement shall be included specifying the
5 percentage of the gross revenue that is the basis
6 for that compensation. The stated percentage
7 shall include any amount that the professional
8 fundraising counsel, professional solicitor,
9 charitable fundraising platform, or platform
10 charity is to be reimbursed for fundraising
11 costs;

12 (B) If the compensation of the professional
13 solicitor, charitable fundraising platform, or
14 platform charity is not contingent upon the
15 number of contributions or amount of revenue
16 received from the solicitation campaign, the
17 compensation shall be expressed as a reasonable
18 estimate of the percentage of the gross revenue,
19 and the contract shall clearly disclose the
20 assumptions upon which the estimate is based.

21 The stated assumptions shall be based upon all of



1 the relevant facts known to the professional
2 solicitor regarding the solicitation to be
3 conducted by the professional solicitor; or
4 (C) If the compensation of the professional
5 fundraising counsel, charitable fundraising
6 platform, or platform charity is not contingent
7 on the number of contributions or amount of
8 revenue received from the solicitation campaign,
9 the compensation shall be stated in a dollar
10 amount;

11 (6) The effective and termination dates of the contract
12 or, if the contract does not have a set termination
13 date, a clause allowing either party a reasonable
14 period to terminate the contract or notify the other
15 party if either party chooses not to renew. The
16 contract shall also contain the date services will
17 commence with respect to solicitation in this State of
18 contributions for a charitable organization;

19 (7) In the case of a professional fundraising counsel,
20 charitable fundraising platform, or platform charity,
21 a statement that the professional fundraising counsel



- 1 will not at any time have custody or control of
2 contributions, as applicable;
- 3 (8) A statement that the charitable organization exercises
4 control and approval over the content and volume of
5 any solicitation; and
- 6 (9) Any other information required by the rules of the
7 attorney general."

8 SECTION 7. Act 205, Session Laws of Hawaii 2024, is
9 amended by amending section 16 to read as follows:

10 "SECTION 16. This Act shall take effect on [~~January 1,~~
11 June 30, 2026."

12 SECTION 8. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 9. This Act shall take effect on July 1, 2050;
15 provided that section 7 shall take effect on June 29, 2026.



Report Title:

Department of the Attorney General; Solicitations of Funds from the Public; Donations; Charitable Funding Platforms; Platform Charities; Registration

Description:

Amends Act 205, Session Laws of Hawaii 2024, to clarify standards and safeguards in online crowdfunding. Effective 7/1/2050. (SD1)

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

