

ACT 168

S.B. NO. 1203

**A Bill for an Act Relating to Acquisition of Voting Stock by Foreign Investors.
*Be It Enacted by the Legislature of the State of Hawaii:***

SECTION 1. Chapter 403, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“Sec. 403- Issuance of voting stock; restrictions. (a) For purposes of this section “foreign corporation” means a corporation not incorporated within the territorial limits of the United States, or a corporation a majority of whose voting stock is held or controlled, directly or indirectly, by nonresident aliens. “Nonresident alien” means a person not a citizen of the United States who is not defined as a resident alien by the United States Immigration and Naturalization Services.

(b) No more than twenty-five per cent of the issued and outstanding voting stock of a corporation organized under the laws of the State and subject to chapter 403 shall be held, whether directly or indirectly, by foreign corporations or nonresident aliens unless prior written approval is obtained from the bank examiner. Every assignment, transfer, contract, or agreement for assignment or transfer of any shares in violation of this section shall be void and of no effect; and no such transfer shall be made on the books of the corporation. Nothing herein shall be construed to make illegal the holding of stock lawfully held, directly or indirectly, prior to the effective date of this section.”

SECTION 2. Chapter 269, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“Sec. 269- Issuance of voting stock; restrictions. (a) For purposes of this section “foreign corporation” means a foreign corporation as defined in section 235-1 or a corporation in which a majority of the voting stock is held by a single foreign corporation as defined in section 235-1.

(b) “Nonresident alien” means a person not a citizen of the United States who is not defined as a resident alien by the United States Immigration and Naturalization Services.

(c) No more than twenty-five per cent of the issued and outstanding voting stock of a corporation organized under the laws of the State and who owns, controls, operates, or manages any plant or equipment, or any part thereof, for the production, conveyance, transmission, delivery, or furnishing of light, power, heat, cold, water, gas, or oil for the public use, either directly or indirectly and is therefor a public utility within the definition set forth in section 269-1 shall be held, whether directly or indirectly, by any single foreign corporation or any single nonresident alien, or held by any person, unless prior written approval is obtained from the public utilities commission, or unless a transaction is exempt. An exempt transaction is:

- (1) any purchase or sale by an underwriter; or
- (2) a transaction to acquire shares of a corporation with less than one hundred shareholders and less than one million dollars in assets.

Every assignment, transfer, contract, or agreement for assignment or transfer of any shares in violation of this section shall be void and of no effect; and no such transfer shall be made on the books of the corporation. Nothing herein shall be construed to make illegal the holding of stock lawfully held, directly or indirectly, prior to the effective date of this section.

SECTION 3. New statutory material is underscored. In printing this Act,

ACT 168

the revisor of statutes need not include the underscoring.*

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

(Approved June 4, 1977.)

*Edited accordingly.