

STAND. COM. REP. NO. 441

Honolulu, Hawaii

FEB 18 2011

RE: S.B. No. 298  
S.D. 2

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 298, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO BUSINESS REGULATION,"

begs leave to report as follows:

The purpose and intent of this measure is to establish requirements for the organizational and regulatory framework of a sustainable business corporation.

Your Committee received testimony in support of this measure from The Chamber of Commerce of Hawaii, Hawaii Venture Capital Association, the Entrepreneurs Foundation of Hawai'i, the American Sustainable Business Council, the Dean of the School of Business at Chaminade University of Honolulu, A & R M Systems, The Hogan Entrepreneurs, Natural Investments, LLC, GreenCar Hawaii, Bainbridge Graduate Institute, and three individuals. Your Committee received testimony in opposition to this measure from the Commissioner of Securities for the Business Registration Division of the Department of Commerce and Consumer Affairs. Your Committee received comments on this measure from the Department of the Attorney General.

Your Committee finds that the sustainable business corporation designation contained in this measure provides incentives for business development and excellent corporate citizenship. Your Committee further finds that encouraging private enterprises to engage with the community and to direct their corporate vision toward issues other than profit motives

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stimulates innovation in the business and social arenas. Your Committee notes that this measure represents consensus among stakeholders, including the state regulatory agency.

Your Committee has amended this measure by:

- (1) Clarifying that a sustainable business corporation is a domestic corporation subject to existing requirements for all corporations;
- (2) Deleting requirements for the filing of a sustainable business corporation's annual report with the Department of Commerce and Consumer Affairs and penalties for noncompliance with the requirement;
- (3) Requiring that a sustainable business corporation provide copies of its annual report to members of the public upon request and at no charge;
- (4) Clarifying the relevant personal relationships to be considered in determining whether an individual is independent with respect to a sustainable business corporation;
- (5) Requiring that a sustainable business corporation's annual report contain a statement that registration with the State does not imply state endorsement of the sustainable business corporation's business practices or general or specific public purpose;
- (6) Emphasizing that registration with the State as a corporation doing business in the State does not imply state endorsement of the sustainable business corporation's corporate conduct and prohibiting a sustainable business corporation from representing otherwise; and
- (7) 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 and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 298, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B.



No. 298, S.D. 2, and be referred to the Committee on Judiciary and Labor.

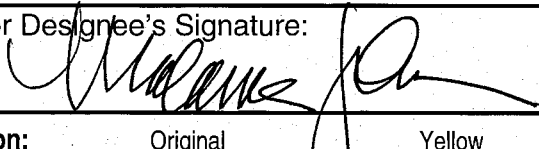
Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,

  
\_\_\_\_\_  
ROSALYN H. BAKER, Chair



The Senate  
Twenty-Sixth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 298 SD1	CPN, JDL	2-17-11		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)				✓
GALUTERIA, Brickwood	✓			
GREEN, M.D., Josh	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
SLOM, Sam				✓
<b>TOTAL</b>	5	0	0	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

\*Only one measure per Record of Votes