A BILL FOR AN ACT

RELATING TO CHARITABLE SOLICITATION.

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

SECTION 1. Section 467B-1, Hawaii Revised Statutes, is amended by amending the definitions of "professional fund-raising counsel" or "professional fundraising counsel" and "solicit" and "solicitation" to read as follows:

"Professional fund-raising counsel" or "professional fundraising counsel" means any person who, for compensation, plans, conducts, manages, advises, consults, or prepares material for, or with respect to, the solicitation of contributions in this State for a charitable organization, but who actually solicits no contributions as a part of the person's services, and who does not employ, procure, or engage any compensated person to solicit contributions. The term shall not include a bona fide volunteer, salaried officer, or employee of a charitable organization, or a person if the only services performed by the person are to plan, conduct, manage, advise, consult, or prepare grant or subsidy application materials for a charitable organization.
"Solicit" and "solicitation" mean a request directly or indirectly for money, credit, property, financial assistance, or thing of value on the plea or representation that the money, credit, property, financial assistance, or thing of value, or any portion thereof, will be used for a charitable purpose or to benefit a charitable organization. These terms shall include the following:

(1) Any oral or written request;

(2) The making of any announcement to any organization for the purpose of further dissemination, including announcements to the press, over the radio or television, or by telephone, telegraph, or facsimile, concerning an appeal or campaign by or for any charitable organization or purpose;

(3) The distribution, circulation, posting, or publishing of any handbill, written advertisement, or other publication that directly or by implication seeks to obtain public support;

(4) Where the sale or offer or attempted sale, of any advertisement, advertising space, book, card, tag, coupon, device, magazine, membership, merchandise,
subscription, flower, ticket, candy, cookies, or other
tangible item in connection with which any appeal is
made for any charitable organization or purpose; or
where the name of any charitable organization is used
or referred to in any appeal as an inducement or
reason for making any sale; or where in connection
with any sale, any statement is made that the whole or
any part of the proceeds from any sale will be used
for any charitable purpose or to benefit any
charitable organization[+];[+] and

(5) A request made through the use of receptacles for
contributions such as honor boxes, vending machines,
wishing wells, contribution boxes, and novelty
machines, where a charitable appeal is used or
referred to or implied as an inducement or reason to
contribute.

A solicitation occurs whether or not the person making the
solicitation receives any contribution. However, the term shall
not include the submission of a grant or subsidy proposal or
application to a governmental authority or any organization
exempt from taxation under section 501(c)(3) of the Internal Revenue Code."

SECTION 2. Section 467B-1.5, Hawaii Revised Statutes, is amended to read as follows:

"[{|\$467B-1.5[|] Professional solicitors; required disclosures. [A professional solicitor who makes an oral solicitation by telephone, door-to-door, or otherwise shall furnish to each contributor, prior to collecting or attempting to collect any contribution, a written confirmation of the expected contribution, containing the following information clearly and conspicuously:]

(1) The full legal name, address, and telephone number of the individual professional solicitor who directly communicated with the contributor; and

(2) A disclosure that the contribution is not tax-deductible, if applicable, or, if the professional solicitor maintains that the contribution is tax-deductible in whole or in part, the portion of the contribution that the professional solicitor maintains is tax-deductible.]"
(a) Every professional solicitor, and every employee or agent thereof, who solicits contributions from a prospective donor or contributor in this State shall at the outset of any oral or written request for a contribution:

(1) Identify themselves by their true surname and first name, and the name of their employer or the contractor as the case may be, that is compensating the individual making the solicitation;

(2) Identify the name of the professional solicitor registered with the department of the attorney general that has contracted with the charitable organization to provide the solicitation services and, if the individual is employed by a subcontractor, the name of the registered subcontractor;

(3) Disclose that the person making the oral or written request for a donation is being paid to make such solicitation and the name of the charitable organization on whose behalf the person making the request is soliciting; and

(4) Disclose, orally and in writing, the fact that a copy of the professional solicitor's registration data and
financial reports are available from the department of
the attorney general.

(b) A professional solicitor who makes an oral
solicitation by telephone, door-to-door, or otherwise, prior to
collecting or attempting to collect any contribution, shall
provide a written confirmation of the expected contribution and
clearly disclose whether the contribution is not tax-deductible,
if applicable, or, if the professional solicitor maintains that
the contribution is tax-deductible in whole or in part, the
portion of the contribution that the professional solicitor
maintains is tax-deductible. The written confirmation shall
also conspicuously disclose the name and current address of the
registered professional solicitor."

SECTION 3. Section 467B-2.5, Hawaii Revised Statutes, is
amended by amending subsection (a) to read as follows:
"(a) Within ninety days after a solicitation campaign or
event has been completed and on the anniversary of the
commencement of a solicitation campaign lasting more than one
year, a professional solicitor shall file with the attorney
general a financial report for the campaign, including gross
revenue and an itemization of all expenses incurred on a form
prescribed by the attorney general. The attorney general may require the financial report to be submitted electronically. This report shall be signed under penalty provided by section 710-1063 by the authorized contracting agent for the professional solicitor and shall report gross revenue from Hawaii donors and national gross revenue from a solicitation activity or campaign. If a financial report required under this section is not filed in a timely manner, an initial late filing fee of $100 shall be imposed, and an additional late filing fee of $20 per day shall be imposed, for each day during which the violation continues; provided that the total fee amount imposed under this subsection shall not exceed $1,000. The attorney general may waive all or part of the late filing fee imposed by this subsection if there is a reasonable cause for the failure to timely file. The professional solicitor shall provide a copy of the financial report to the charitable organization to which the financial report pertains within ten days of its submission of the report to the attorney general. A professional solicitor shall maintain during each solicitation campaign and for not less than three years after the completion of that campaign the
following records, which shall be available for inspection upon
demand by the attorney general:

(1) The date and amount of each contribution received and
the name and address of each contributor;

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

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

(4) The location and account number of each bank or other
financial institution account in which the
professional solicitor has deposited revenue from the
solicitation campaign."

SECTION 4. Section 467B-5.5, Hawaii Revised Statutes, is
amended by amending subsection (d) to read as follows:

"(d) A [fine] late filing fee of $20 shall be imposed on a
commercial co-venturer who fails to file a written consent as
required by subsection (b), unless it is shown that the failure
is due to reasonable cause, for each day during which the
violation continues; provided that the total amount imposed
under this subsection shall not exceed $1,000."
SECTION 5. Section 467B-6.5, Hawaii Revised Statutes, is amended by amending subsection (e) to read as follows:

"(e) If a return, report, or filing fee required under this section is not filed or paid, taking into account any extension of time for filing, unless it is shown that the failure is due to reasonable cause, a late filing fee of $20 shall be imposed for each day during which the violation continues; provided that the total amount imposed under this subsection shall not exceed $1,000."

SECTION 6. Section 467B-11.5, Hawaii Revised Statutes, is amended to read as follows:

"§467B-11.5 Charitable organizations exempted from registration and financial disclosure requirements. The following charitable organizations shall not be subject to sections 467B-2.1 and 467B-6.5, if the organization submits information as the department may require to substantiate an exemption under this section:

(1) Any duly organized religious corporation, institution, or society that is exempt from filing Form 990 with the Internal Revenue Service pursuant to sections
6033(a)(3)(A)(i) and (iii) and 6033(a)(3)(C)(i) of the Internal Revenue Code, as amended;

(2) Parent-teacher associations;

(3) Any educational institution that is licensed or accredited by any of the following licensing or accrediting organizations:

(A) Hawaii Association of Independent Schools;
(B) Hawaii Council of Private Schools;
(C) Western Association of Schools and Colleges;
(D) Middle States Association of Colleges and Schools;
(E) New England Association of Schools and Colleges;
(F) North Central Association of Colleges and Schools;
(G) Northwest Commission on Colleges and Universities;
(H) Southern Association of Colleges and Schools;
[I]
(I) The National Association for the Education of Young Children; or
(J) The Northwest Accreditation Commission for primary and secondary schools;

and any organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code expressly authorized by, and having an established identity with, such an educational institution; provided that the organization's solicitation of contributions is primarily directed to the students, alumni, faculty, and trustees of the institutions and their respective families;

(4) Any nonprofit hospital, adult day health center, hospice, intermediate care facility for individuals with intellectual disabilities, skilled nursing facility, and intermediate care facility that is licensed or medicare certified by the State or any similar provision of the laws of any other state;

(5) Any corporation established by an act of the United States Congress that is required by federal law to submit to Congress annual reports, fully audited by the United States Department of Defense, of its
activities including itemized accounts of all receipts and expenditures;

(6) Any agency of this State, another state, or the federal government; and

(7) Any charitable organization that normally receives less than $25,000 in contributions annually, if the organization does not employ or compensate a professional solicitor or professional fundraising counsel. For purposes of this paragraph, an organization normally receives less than $25,000 in contributions annually if, during the immediately preceding three fiscal years, it received, on average, less than $25,000 in contributions."

SECTION 7. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 8. This Act shall take effect upon its approval.
Report Title:
Charitable Solicitation; Professional Solicitors; Required Disclosures; Donors; Registration; Reports

Description:
Amends Hawaii's charitable solicitation law to: require affirmative disclosures to donors by professional solicitors; clarify exemptions from registration; and make other technical amendments. (SD1)

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