

JAN 23 2015

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# A BILL FOR AN ACT

RELATING TO THE HAWAII BUSINESS CORPORATION ACT.

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

1           SECTION 1.   Section 414-44, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "~~§~~414-44~~§~~ **Ultra vires.** (a) Except as provided in  
4 subsection (b), the validity of corporate action may not be  
5 challenged on the ground that the corporation lacks or lacked  
6 power to act.

7           (b) A corporation's power to act may be challenged:

8           (1) In a proceeding by a shareholder against the  
9 corporation to enjoin the act;

10          (2) In a proceeding by the corporation, directly,  
11 derivatively, or through a receiver, trustee, or other  
12 legal representative, against an incumbent or former  
13 director, officer, employee, or agent of the  
14 corporation; or

15          (3) In a proceeding by the attorney general under section  
16 414-411.



1 (c) In a shareholder's proceeding under subsection (b)(1)  
2 to enjoin an unauthorized corporate act, the court may enjoin or  
3 set aside the act, if equitable and if all affected persons are  
4 parties to the proceeding, and may award damages for loss (other  
5 than anticipated profits) suffered by the corporation or another  
6 party because of enjoining the unauthorized act.

7 (d) A corporation's political activities in any form shall  
8 be deemed to constitute an ultra vires act for purposes of this  
9 section if the corporation:

10 (1) Does not describe in writing to shareholders,  
11 including in any proxy, consent, or authorization, the  
12 specific nature and total amount of anticipated  
13 expenditures for political activities for the  
14 forthcoming fiscal year; and

15 (2) Does not provide for prior approval by a majority vote  
16 in a separate vote of shareholders of outstanding  
17 shares for any expenditure under paragraph (1)."

18 SECTION 2. New statutory material is underscored.

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# S.B. NO. 317

1 SECTION 3. This Act shall take effect upon its approval.

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# S.B. NO. 317

**Report Title:**

Hawaii Corporations; Political Activities; Shareholder Approval

**Description:**

Deems a corporation's political activity in any form to constitute an ultra vires act if undertaken without prior shareholder notification and approval.

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

