

JAN 24 2007

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# A BILL FOR AN ACT

RELATING TO STATE FUNDS.

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

1           SECTION 1. Chapter 36, Hawaii Revised Statutes, is amended  
2 by adding a new section to be appropriately designated and to  
3 read as follows:

4           "§36-    Full disclosure of entities receiving state  
5 funding. (a) In this section, unless the context indicates  
6 otherwise:

7           "Entity":

8           (1) Includes, whether for profit or nonprofit:

9           (A) A corporation;

10          (B) An association;

11          (C) A partnership;

12          (D) A limited liability company;

13          (E) A limited liability partnership;

14          (F) A sole proprietorship;

15          (G) Any other legal business entity;

16          (H) Any other grantee or contractor that is not  
17             excluded by paragraph (2) or (3); and



- 1           (I) Any state or county entity;
- 2           (2) After December 31, 2009, includes any subcontractor or
- 3           subgrantee; and
- 4           (3) Does not include:
- 5           (A) An individual recipient of state assistance; or
- 6           (B) A state employee.

7           "Searchable website" means a website that allows the public  
8 to:

- 9           (1) Search and aggregate state funding by any element
- 10           required by subsection (b);
- 11           (2) Ascertain through a single search, the total amount of
- 12           funding awarded to an entity by a state award as
- 13           defined in paragraph (1)(A) of the definition of state
- 14           award, by fiscal year;
- 15           (3) Ascertain through a single search the total amount of
- 16           funding awarded to an entity by a state award as
- 17           defined in paragraph (1)(B) of the definition of state
- 18           award, by fiscal year; and
- 19           (4) Download data included in paragraph (1) of this
- 20           definition included in the outcome from searches.

21           "State award":



1       (1) Means state financial assistance and expenditures

2       that:

3       (A) Include grants, subgrants, loans, awards,  
4       cooperative agreements, and other forms of  
5       financial assistance;

6       (B) Include contracts, subcontracts, purchase orders,  
7       task orders, and delivery orders;

8       (2) Does not include individual transactions below  
9       \$25,000; and

10      (3) Before October 1, 2009, does not include credit card  
11      transactions.

12      (b) Where a state award is made for the purpose of funding  
13      a research project, the recipient entity shall provide a public  
14      report on the research. This report shall be made available in  
15      hard-copy form filed with the department of budget and finance  
16      and online through the department's website.

17      (c) Not later than January 1, 2009, the department of  
18      budget and finance, in accordance with this section, shall  
19      ensure the existence and operation of a single searchable  
20      website, accessible by the public at no cost to access, that  
21      includes for each state award:

22      (1) The name of the entity receiving the award;



- 1        (2) The amount of the award;
- 2        (3) Information on the award, including transaction type,
- 3        funding agency, the North American Industry
- 4        Classification System code, program source, and an
- 5        award title descriptive of the purpose of each funding
- 6        action;
- 7        (4) If the award was used to fund a research project, a
- 8        link to the entity's public report on that project;
- 9        (5) The full address of the entity receiving the award and
- 10       the primary location of performance under the award;
- 11       (6) A unique identifier of the entity receiving the award
- 12       and of the parent entity of the recipient, if the
- 13       entity is owned by another entity; and
- 14       (7) Any other relevant information specified by the
- 15       department of budget and finance.

16       The website shall include data for fiscal year 2007-2008  
17 and each fiscal year thereafter.

18       The director of finance may designate one or more state  
19 agencies to participate in the development, establishment,  
20 operation, and support of the single website. In the initial  
21 designation, or in subsequent instructions and guidance, the



1 director may specify the scope of the responsibilities of each  
2 such agency.

3 State agencies shall comply with the instructions and  
4 guidance issued by the director of finance and shall provide  
5 appropriate assistance to the director upon request, so as to  
6 assist the director in ensuring the existence and operation of  
7 the single website.

8 (d) The website established under this section:

9 (1) Shall provide an opportunity for the public to provide  
10 input about the utility of the site and  
11 recommendations for improvements;

12 (2) Shall be updated not later than thirty days after the  
13 award of any state award requiring a posting; and

14 (3) Shall provide for separate searches for the state  
15 awards.

16 (e) Not later than July 1, 2008, the director of finance  
17 shall commence a pilot program to:

18 (1) Test the collection and accession of data about  
19 subgrants and subcontracts; and

20 (2) Determine how to implement a subaward reporting  
21 program across the State, including:



1           (A) A reporting system under which the entity issuing  
2           a subgrant or subcontract is responsible for  
3           fulfilling the subaward reporting requirement;  
4           and

5           (B) A mechanism for collecting and incorporating  
6           agency and public feedback on the design and  
7           utility of the website.

8           The pilot program shall terminate not later than January 1,  
9           2010.

10          (f) Based on the pilot program, not later than January 1,  
11          2010, the director of finance:

12          (1) Shall ensure that data regarding subawards are  
13          disclosed in the same manner as data regarding other  
14          state awards; and

15          (2) Shall ensure that the method for collecting and  
16          distributing data about subawards:

17          (A) Minimizes burdens imposed on state award  
18          recipients and subaward recipients;

19          (B) Allows state award recipients and subaward  
20          recipients to allocate reasonable costs for the  
21          collection and reporting of subaward data as  
22          indirect costs; and



1           (C) Establishes cost-effective requirements for  
2           collecting subaward data under block grants,  
3           formula grants, and other types of assistance to  
4           local governments.

5           For subaward recipients that receive state funds through  
6           county governments, the director of finance may extend the  
7           deadline for ensuring that data regarding such subawards are  
8           disclosed in the same manner as data regarding other state  
9           awards for a period not to exceed eighteen months, if the  
10          director determines that compliance would impose an undue burden  
11          on the subaward recipient.

12          (g) Any entity that demonstrates to the director of  
13          finance that the gross income, from all sources, for the entity  
14          did not exceed \$300,000 in the previous tax year of that entity  
15          shall be exempt from the requirement to report subawards under  
16          subsections (e) and (f), until the director determines that the  
17          imposition of such reporting requirements will not cause an  
18          undue burden on the entity.

19          (h) Nothing in this section shall prohibit the department  
20          of budget and finance from including through the website  
21          established under this section access to data that is publicly  
22          available in any other state database.



1        (i) The director of finance shall submit to the  
2 legislature, not later than twenty days prior to the convening  
3 of each regular session, an annual report regarding the  
4 implementation of the website established under this section.

5        Each report shall include:

6        (1) Data regarding the usage and public feedback on the  
7 utility of the site (including recommendations for  
8 improving data quality and collection);

9        (2) An assessment of the reporting burden placed on state  
10 award and subaward recipients; and

11        (3) An explanation of any extension of the subaward  
12 reporting deadline, if applicable.

13        The director of finance shall make each report publicly  
14 available on the website established under this section.

15        (j) Nothing in this section shall require the disclosure  
16 of classified information."

17        SECTION 2. New statutory material is underscored.

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

19

INTRODUCED BY: 





**Report Title:**

State Funds; Disclosure

**Description:**

Requires online full disclosure of all entities and organizations receiving state funds. Requires entities receiving state funds for research projects to make a public report of the research available online and to file a hard copy with the department of budget and finance.

