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# A BILL FOR AN ACT

RELATING TO THE HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT  
TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM.

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

1           SECTION 1. Section 210D-2, Hawaii Revised Statutes, is  
2 amended by amending the definition of "community-based  
3 organization" to read as follows:

4           "Community-based organization" means a [~~membership-based,~~]  
5 nonprofit corporation incorporated in the State of Hawaii that  
6 is organized and controlled by either a geographic community, a  
7 community of identity, or a community of interest, and which is  
8 directly involved in community-based economic development  
9 activities."

10          SECTION 2. Section 210D-5, Hawaii Revised Statutes, is  
11 amended to read as follows:

12          "~~§210D-5~~ **Community-based economic development advisory**  
13 **council; established.** There is established the community-based  
14 economic development advisory council, which shall consist of  
15 [~~twelve~~] nine members. The director of business, economic  
16 development, and tourism, the chairperson of the board of



1 agriculture, and the chairperson of the office of Hawaiian  
2 affairs, or their respective designees, shall be ex officio  
3 voting members of the council. The remaining [~~nine~~] six members  
4 shall be appointed by the governor in accordance with section  
5 26-34. Each county shall be represented by at least one member  
6 who is a resident of that county, and at least one member of the  
7 council shall be a representative of the financial community.  
8 The council shall be placed for administrative purposes in the  
9 department of business, economic development, and tourism."

10 SECTION 3. Section 210D-11, Hawaii Revised Statutes, is  
11 amended to read as follows:

12 "§210D-11 Grants; conditions and qualifications. (a)  
13 Grants shall be made for amounts not to exceed \$100,000 for each  
14 applicant. Applications for grants shall be made to the  
15 department and contain such information as the department shall  
16 require by rules adopted pursuant to chapter 91. At a minimum,  
17 the applicant must show that:

18 (1) The grant shall be used exclusively for community-  
19 based economic development activities [~~or~~], a  
20 community-based business or enterprise [~~that are~~], or  
21 the provision of technical assistance to community-



1           based organizations, consistent with the purposes of  
2           this chapter [~~for a continuous period of at least five~~  
3           ~~years~~];

4           (2) The community-based business or enterprise shall have  
5           applied for or received all applicable licenses and  
6           permits;

7           (3) The applicant [~~will~~] shall comply with all applicable  
8           federal and state laws prohibiting discrimination  
9           against any person on the basis of race, color,  
10          national origin, religion, creed, sex, age, [~~or~~  
11          ~~physical handicap~~], sexual orientation, disability, or  
12          any other characteristic protected under applicable  
13          federal or state law;

14          (4) The grant shall not be used for purposes of  
15          entertainment or perquisites;

16          (5) The applicant shall comply with other requirements as  
17          the department [~~of business, economic development, and~~  
18          ~~tourism~~] may prescribe;

19          (6) All activities and improvements undertaken with funds  
20          received shall comply with all applicable federal,



1 state, and county statutes and ordinances, including  
2 applicable building codes and agency rules;

3 (7) The applicant [~~will~~] shall indemnify and save harmless  
4 the State of Hawaii and its officers, agents, and  
5 employees from and against any and all claims arising  
6 out of or resulting from activities carried out or  
7 projects undertaken with funds provided hereunder, and  
8 procure sufficient insurance to provide this  
9 indemnification if requested to do so by the  
10 department; and

11 (8) The facilities [~~will~~] shall not be used and are not  
12 intended to be used for sectarian instruction or as a  
13 place of worship.

14 (b) To receive a grant under this section for community-  
15 based economic development activities [~~or development of~~], a  
16 community-based enterprise [~~7~~] or business, or the provision of  
17 technical assistance to community-based organizations, an  
18 applicant shall:

19 (1) Be either:



- 1 (A) A profit subsidiary of a nonprofit community-
- 2 based organization incorporated under the laws of
- 3 the State;
- 4 (B) A nonprofit community-based organization
- 5 determined to be exempt from federal income
- 6 taxation by the Internal Revenue Service; [~~or~~]
- 7 (C) A cooperative association; or
- 8 (D) An organization providing technical assistance to
- 9 community-based organizations;
- 10 (2) In the case of a nonprofit organization, have a
- 11 governing board whose members have no material
- 12 conflict of interest and serve without compensation,
- 13 have bylaws or policies that describe the manner in
- 14 which business is conducted and policies relating to
- 15 nepotism and management of potential conflict of
- 16 interest situations, and employ or contract with no
- 17 two or more members of a family or kin of the first or
- 18 second degree unless specifically permitted by the
- 19 department;
- 20 (3) Agree to make available to the department all records
- 21 the applicant may have relating to the [~~operation of~~



1           ~~the community-based enterprise,~~ grant, to allow state  
2           agencies to monitor the applicant's compliance with  
3           the purpose of this chapter; and

4           (4) Establish, to the satisfaction of the department, that  
5           sufficient funds are available for the effective  
6           operation of the activity, business, [~~or~~] enterprise,  
7           or technical assistance for the purpose for which the  
8           grant is awarded."

9           SECTION 4. There is appropriated out of the general  
10          revenues of the State of Hawaii the sum of \$1,000,000 or so much  
11          thereof as may be necessary for fiscal year 2016-2017 for  
12          deposit into the Hawaii community-based economic development  
13          revolving fund established under section 210D-4, Hawaii Revised  
14          Statutes.

15          SECTION 5. There is appropriated out of the Hawaii  
16          community-based economic development revolving fund the sum of  
17          \$1,000,000 or so much thereof as may be necessary for fiscal  
18          year 2016-2017 to provide community-based economic development  
19          technical and financial assistance.



1           The sum appropriated shall be expended by the department of  
2 business, economic development, and tourism for the purposes of  
3 this Act.

4           SECTION 6. Statutory material to be repealed is bracketed  
5 and stricken. New material is underscored.

6           SECTION 7. This Act shall take effect on February 19,  
7 2022.



**Report Title:**

Hawaii Community-Based Economic Development Technical and Financial Assistance Program

**Description:**

Amends the definition of "community-based organization." Amends the qualifications for community-based economic development grants to include technical assistance to community-based organizations. Reduces the number of community-based economic development advisory council members from twelve to nine. Updates non-discrimination language. Appropriates funds to the Hawaii community-based economic development revolving fund. Effective February 19, 2022. (HB2289 HD1)

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

