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# A BILL FOR AN ACT

RELATING TO GRANTS.

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

1           SECTION 1. The legislature finds that it is necessary to  
2 improve the grant application and approval process established  
3 under chapter 42F, Hawaii Revised Statutes, spread grant  
4 appropriations among more recipients, and fund direct services,  
5 rather than overhead costs, of grant recipients.

6           The purpose of this Act is to add new standards for the  
7 appropriation of grants, as required by article VII, section 4,  
8 of the Constitution of the State of Hawaii, increase  
9 transparency in the legislative grant process, and increase the  
10 opportunity for more applicants to receive grants by  
11 establishing the following legislative policies:

12           (1) To make appropriations for grants during the regular  
13 session of each odd-numbered year for the ensuing  
14 fiscal biennium, but still permit the legislature to  
15 add new or amend or repeal existing grant  
16 appropriations during the regular session of an even-  
17 numbered year or a special session;



- 1           (2) To appropriate funds for not more than one grant for
- 2                   each grant recipient during a fiscal biennium; and
- 3           (3) To place a low priority on requests to fund general
- 4                   and administrative expenses.

5           Because this legislature cannot bind the actions of future  
6 legislatures, this Act expressly declares that adherence to the  
7 policies shall be subject to the discretion of the legislature  
8 and availability of funds.

9           SECTION 2. Chapter 42F, Hawaii Revised Statutes, is  
10 amended by adding a new section to be appropriately designated  
11 and to read as follows:

12           "§42F-    Legislative policies; appropriation of funds for  
13 grants during legislative sessions; limit on number of grants to  
14 a recipient during a fiscal biennium; priority of funding  
15 requests for general and administrative expenses. (a) It is  
16 the policy of the legislature to appropriate funds for grants  
17 during the regular session of each odd-numbered year for each  
18 fiscal year of the ensuing fiscal biennium.

19           This section shall not be construed as prohibiting the  
20 legislature from adding new appropriations, or amending or



1 repealing existing appropriations, for grants during the regular  
2 session of an even-numbered year or a special session.

3 (b) It is the policy of the legislature to appropriate  
4 funds for not more than one grant for each grant recipient  
5 during a fiscal biennium.

6 (c) It is the policy of the legislature to place a low  
7 priority on a request from a grant applicant to fund the  
8 applicant's general and administrative expenses with a grant  
9 appropriation.

10 (d) The adherence to a policy set forth in this section  
11 shall be subject to the exclusive discretion of the legislature  
12 and availability of funds, and no person shall take legal action  
13 against the legislature, State, or grant recipient for a  
14 deviation from the policy.

15 (e) For the purpose of this section:

16 "Ensuing fiscal biennium" means the fiscal biennium  
17 commencing on the July 1 that immediately follows the convening  
18 of the regular session of an odd-numbered year.

19 "General and administrative expenses" means expenses of the  
20 applicant that are not directly related to the provision of  
21 goods or services by the applicant."



1 SECTION 3. Section 42F-102, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "§42F-102 Applications for grants. Requests for grants  
4 shall be submitted to the appropriate standing committees of the  
5 legislature [~~at the start of each regular session of the~~  
6 ~~legislature.~~] when requested by the standing committees. Each  
7 request shall state:

- 8 (1) The name of the requesting organization or individual;
- 9 (2) The public purpose for the grant;
- 10 (3) The services to be supported by the grant;
- 11 (4) The target group; and
- 12 (5) The cost of the grant and the budget."

13 SECTION 4. Section 42F-103, Hawaii Revised Statutes, is  
14 amended to read as follows:

15 "§42F-103 Standards for the award of grants. (a) Grants  
16 shall be awarded only to individuals who, and organizations  
17 that:

- 18 (1) Are licensed or accredited, in accordance with  
19 federal, state, or county statutes, rules, or  
20 ordinances, to conduct the activities or provide the  
21 services for which a grant is awarded;



- 1           (2) Comply with all applicable federal and state laws
- 2           prohibiting discrimination against any person on the
- 3           basis of race, color, national origin, religion,
- 4           creed, sex, age, sexual orientation, or disability;
- 5           (3) Agree not to use state funds for entertainment or
- 6           lobbying activities; and
- 7           (4) Allow the state agency to which funds for the grant
- 8           were appropriated for expenditure, legislative
- 9           committees and their staff, and the auditor full
- 10          access to their records, reports, files, and other
- 11          related documents and information for purposes of
- 12          monitoring, measuring the effectiveness, and ensuring
- 13          the proper expenditure of the grant.
- 14          (b) In addition, a grant may be made to an organization
- 15          only if the organization:
- 16            (1) Is incorporated under the laws of the State; and
- 17            (2) Has bylaws or policies that describe the manner in
- 18            which the activities or services for which a grant is
- 19            awarded shall be conducted or provided.
- 20          (c) Further, a grant may be awarded to a nonprofit
- 21          organization only if the organization:



1           (1) Has been determined and designated to be a nonprofit  
2           organization by the Internal Revenue Service; and

3           (2) Has a governing board whose members have no material  
4           conflict of interest and serve without compensation.

5           (d) If a grant is used by an organization for the  
6 acquisition of land or the planning, design, construction,  
7 renovation, operations, or equipment of facilities, when the  
8 organization discontinues the activities or services on the land  
9 acquired or facilities for which the grant was awarded and  
10 disposes of the land or facilities in fee simple or by lease,  
11 then the organization shall negotiate with the [~~expending~~  
12 ~~agency~~] department of budget and finance for a lump sum or  
13 installment repayment to the State of the amount of the grant  
14 used for the acquisition of the land[-] or the planning, design,  
15 construction, renovation, operations, or equipment of  
16 facilities. This restriction shall be registered, recorded, and  
17 indexed in the bureau of conveyances or with the assistant  
18 registrar of the land court as an encumbrance on the property.  
19 Amounts received from the repayment of a grant under this  
20 subsection shall be deposited into the general fund.



1        (e) If a grant is used by an organization, then the  
2 organization shall publicly recognize that the project was  
3 supported by the State through an awarded grant."

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

6        SECTION 6. This Act shall take effect on July 1, 2030.



**Report Title:**

Grants; Legislative Policies

**Description:**

Establishes legislative policies for the awarding of grants, subject to legislative discretion and funding availability. Requires an organization to negotiate a lump sum or installment repayment to the State of the grant used for the planning, design, construction, renovation, operations, or equipment of facilities when it discontinues the activities and disposes of the land by sale. Requires organizations to publicly recognize that a project was supported by the State when awarded a grant. (SB3070 HD1)

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

