
A BILL FOR AN ACT

RELATING TO GRANTS.

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

1 PART I

2 SECTION 1. The legislature finds that organizations that
3 expend state funds need to be more accountable. The purpose of
4 this part is to require organizations receiving grants pursuant
5 to section 42F-103, Hawaii Revised Statutes, to repay the State
6 the amount of the grant used for the planning, design,
7 construction, renovation, operations, and equipment of
8 facilities, if the organization fails to continue the activities
9 or services for which the grant was approved. This part also
10 requires organizations that utilize grants to publicly recognize
11 that the project was supported by the State.

12 SECTION 2. Section 42F-103, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "§42F-103 Standards for the award of grants. (a) Grants
15 shall be awarded only to individuals who, and organizations
16 that:



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



1 (2) Has bylaws or policies that describe the manner in
2 which the activities or services for which a grant is
3 awarded shall be conducted or provided.

4 (c) Further, a grant may be awarded to a nonprofit
5 organization only if the organization:

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

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

10 (d) If a grant is used by an organization for the
11 acquisition of land, or the planning, design, construction,
12 renovation, operations, or equipment of facilities, when the
13 organization discontinues the activities or services on the land
14 acquired for which the grant was awarded and disposes of the
15 land in fee simple or by lease, the organization shall negotiate
16 with the [~~expending agency~~] department of budget and finance for
17 a lump sum or installment repayment to the State of the amount
18 of the grant used for the acquisition of the land[-] or the
19 planning, design, construction, renovation, operations, or
20 equipment of facilities. This restriction shall be registered,
21 recorded, and indexed in the bureau of conveyances or with the



1 assistant registrar of the land court as an encumbrance on the
2 property. Amounts received from the repayment of a grant under
3 this subsection shall be deposited into the general fund.

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

7 PART II

8 SECTION 3. Chapter 42F, Hawaii Revised Statutes, is
9 amended by adding a new section to be appropriately designated
10 and to read as follows:

11 "§42F- Expending agency delegation. (a) With the
12 approval of the governor, the designated expending agency for a
13 grant may delegate its expending authority to a different agency
14 when it is determined advantageous to do so by both the original
15 expending agency and the agency to which the expending authority
16 is to be delegated; provided that the entity to which the grant
17 was awarded consents in advance to the transfer of expending
18 authority.

19 (b) The governor shall notify the legislature within five
20 days of each use of this authority and submit a report to the
21 legislature of all uses of this authority for the previous



1 twelve-month period from December 1 to November 30 no later than
2 twenty days prior to the convening of the subsequent regular
3 session. Following the delegation pursuant to this section, the
4 agency to which the expending authority was delegated shall be
5 considered the expending agency for the purposes of this
6 chapter."

7 PART III

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

10 SECTION 5. This Act shall take effect on July 1, 2017.



Report Title:

Grants; Legislative Policies; Capital Improvement Project;
Governor; Expending Agency; Delegation; Transfer

Description:

Adds grants for planning, design, construction, renovation, operations, and equipment of facilities to the types of grants for which repayment to the State is required if the grantee discontinues the activities or services approved in the grant. Designates the Department of Budget and Finance as the negotiating agency for grant repayments. Requires grantees to publicly recognize State support of projects awarded grants. Authorizes expending agencies of grants and capital improvement project funds to delegate their expending authority to a different agency, subject to approval of the grantee and the Governor. (SD1)

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