

Honolulu, Hawaii

FEB 16 2018

RE: S.B. No. 2312  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committees on Commerce, Consumer Protection, and Health and Judiciary, to which was referred S.B. No. 2312 entitled:

"A BILL FOR AN ACT RELATING TO GRANTS,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require all organizations that may receive a grant from the State to be in compliance with all registration and annual reporting requirements of the Department of Commerce and Consumer Affairs and provide proof of a current and valid general excise tax license; and
- (2) Require all nonprofit organizations that may receive a grant from the State to provide proof of a current and valid general excise tax license; register with the Department of the Attorney General as a charitable organization, if applicable; provide proof of the filing of Internal Revenue Service Form 990, 990EZ, or 990-N; and be current on the payment of all real property taxes, if applicable.

Your Committees received testimony in support of this measure from the Hawaii Youth Services Network. Your Committees received comments on this measure from the Department of the Attorney General and Department of Budget and Finance.



Your Committees find that currently, there is no requirement under existing law or in the State's grant application process for applicants to provide proof of compliance with Hawaii's charitable solicitation laws, if applicable. According to testimony from the Department of the Attorney General, nonprofit charitable organizations that have received state grant monies in the past, and that would otherwise be required to be registered or have been granted an exemption from registration by the Attorney General, have been found not in compliance with these requirements. This measure therefore clarifies the requirements for organizations and nonprofit organizations that may receive a grant from the State.

Your Committees note that the Department of the Attorney General, in coordination with the Departments of Budget and Finance and Commerce and Consumer Affairs, have suggested additional amendments for this measure to further clarify the standards for the award of grants to organizations and nonprofit organizations. Amendments to this measure are therefore needed to incorporate the changes suggested by the Departments of the Attorney General, Budget and Finance, and Commerce and Consumer Affairs.

Accordingly, your Committees have amended this measure by:

- (1) Clarifying the requirements for a grant applicant that is an organization incorporated in Hawaii, including:
  - (A) Providing a copy of the organization's bylaws and policies that describe the manner in which services funded by the grant would be performed;
  - (B) Requiring a certificate of good standing from the Department of Commerce and Consumer Affairs;
  - (C) Requiring a current tax clearance from the Department of Taxation; and
  - (D) Requiring proof that the organization is current in its payment of real property taxes, if applicable to the organization; and



- (2) Clarifying the additional requirements for a grant applicant that is a nonprofit organization, including:
- (A) Providing a copy of its Internal Revenue Service Exemption rule and proof of current 501(c)(3) status;
  - (B) Requiring proof of compliance with Hawaii's charitable solicitation law, if applicable; and
  - (C) Providing copies of its most recent Internal Revenue Service Form 990, 990EZ, or 990-N.

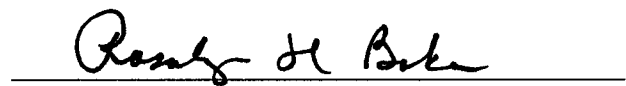
As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Health and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2312, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2312, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committees on Commerce,  
Consumer Protection, and Health  
and Judiciary,



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BRIAN T. TANIGUCHI, Chair



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ROSALYN H. BAKER, Chair





The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Judiciary**  
**JDC**

Bill / Resolution No.:* <b>SB 2312</b>	Committee Referral: <b>CPH/JDC, WAM</b>	Date: <b>2/7/18</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
RHOADS, Karl (VC)	✓			
GABBARD, Mike	✓			
KIM, Donna Mercado	✓			
THIELEN, Laura H.				✓
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <span style="font-family: cursive; font-size: 1.2em;">Karl Rhoads</span>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes