

JAN 21 2022

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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, as a result of the  
2 coronavirus disease 2019 (COVID-19) pandemic and its deleterious  
3 impact on the economy, fiscal resources of the State are  
4 limited. As a result, there is heightened scrutiny and greater  
5 emphasis on the most efficient use of existing funds. The  
6 legislature further finds that it is appropriate to impose more  
7 stringent requirements on organizations applying for grants from  
8 the State.

9       Accordingly, the purpose of this Act is to clarify existing  
10 and establish new grant application process and eligibility  
11 requirements for organizations, including nonprofit  
12 organizations, that may receive a grant from the State.

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

15       "**§42F-102 Applications for grants.** (a) Requests for  
16 grants shall be submitted to the appropriate standing committees



1 of the legislature at the start of each regular session of the  
2 legislature. Each request shall state:

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

8 (b) Each request for grants shall include the following  
9 documentation:

10 (1) For an organization applying for a grant pursuant to  
11 section 42F-103(b):

12 (A) A copy of the organization's bylaws or policies  
13 describing the manner in which the activities or  
14 services for which a grant is awarded shall be  
15 conducted or provided;

16 (B) A valid certificate of vendor compliance in  
17 accordance with section 42F-103(b)(1)(B);

18 (C) A current tax clearance from the department of  
19 taxation; and



1           (D) If applicable, proof that the organization is  
2           current in the payment of real property taxes;  
3           and

4       (2) For a nonprofit organization applying for a grant  
5       pursuant to section 42F-103(c):

6           (A) A copy of the organization's exemption ruling  
7           from the Internal Revenue Service evidencing that  
8           the organization has been granted tax exempt  
9           status under section 501(c)(3) of the Internal  
10          Revenue Code;

11          (B) Proof that the organization currently maintains  
12          its tax exempt status under section 501(c)(3) of  
13          the Internal Revenue Code;

14          (C) If applicable, proof of the organization's  
15          compliance with section 467B-2.1; and

16          (D) Copies of the organization's Form 990, 990-EZ,  
17          990-PF, or 990-N filed with the Internal Revenue  
18          Service for the organization's prior two taxable  
19          years."

20       SECTION 3. Section 42F-103, Hawaii Revised Statutes, is  
21       amended by amending subsections (b) and (c) to read as follows:



1       "(b) In addition, a grant [~~may~~] shall be [~~made~~] awarded  
2 only to an organization [~~only if the organization-~~] that:

3       (1) Is [~~incorporated and~~] either:

4           (A) Incorporated under the laws of the State; or

5           (B) Registered with the department of commerce and  
6 consumer affairs and in possession of a valid  
7 certificate of vendor compliance issued by the  
8 State and documenting the organization's  
9 compliance and good standing with the United  
10 States Internal Revenue Service, department of  
11 taxation, department of labor and industrial  
12 relations, and department of commerce and  
13 consumer affairs;

14       (2) Has bylaws or policies that describe the manner in  
15 which the activities or services for which a grant is  
16 awarded shall be conducted or provided[-]; and

17       (3) If applicable, is current in the payment of real  
18 property taxes.

19       (c) Further, a grant [~~may~~] shall be awarded only to a  
20 nonprofit organization [~~only if the organization-~~] that:



- (1) Has been determined and designated to be, and  
currently maintains its status as, a nonprofit  
organization by the Internal Revenue Service; ~~[and]~~
- (2) Has a governing board whose members have no material  
conflict of interest and serve without  
compensation~~[-]~~;
- (3) If applicable, complies with section 467B-2.1; and
- (4) Has filed Form 990, 990-EZ, 990-PF, or 990-N filed  
with the Internal Revenue Service during the  
organization's prior two taxable years."

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

SECTION 5. This Act shall take effect upon its approval.

INTRODUCED BY:

Benjamin J. Nisimovich



# S.B. NO. 2191

**Report Title:**

Grants; Requirements; Eligible Organizations; Eligible Nonprofit Organizations

**Description:**

Clarifies existing and establishes new grant application process and eligibility requirements for organizations, including nonprofit organizations, that may receive a grant from the State.

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

