

Honolulu, Hawaii

FEB 09 2021

RE: S.B. No. 556
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 556 entitled:

"A BILL FOR AN ACT RELATING TO GRANTS,"

begs leave to report as follows:

The purpose and intent of this measure is to specify that non-profit organizations with a current legislator on their governing board shall not be eligible to receive a grant pursuant to section 42F-103, Hawaii Revised Statutes.

Your Committee received testimony in support of this measure from the Hawai'i State Ethics Commission, Department of Labor and Industrial Relations Office of Community Services, Common Cause Hawaii, Hawai'i Alliance of Nonprofit Organizations, and one individual.

Your Committee finds that the current state conflict of interest law applies differently to state legislators compared to other state employees in that state legislators are not specifically prohibited from taking official action affecting nonprofit organizations on which they serve as an officer or director. Your Committee further finds that restricting nonprofit organizations with a current legislator on the governing board from receiving grants under Chapter 42F, Hawaii Revised Statutes, will help avoid the appearance of conflicts of interest in the awarding of grant funds and promote integrity in state government.



Your Committee additionally finds that extending this restriction beyond nonprofit organizations and applying it to all individuals and organizations seeking a grant pursuant to section 42F-102, Hawaii Revised Statutes, will provide the public with further confidence that the grant process under Chapter 42F, Hawaii Revised Statutes, is a level playing field in which no applicant has an unfair advantage.

Your Committee has amended this measure by:

- (1) Changing the term "existing member of the legislature" to "current member of the legislature"; and
- (2) Applying the restriction against having a board member who is a current member of the legislature to all individuals and organizations who are potential grant recipients under section 42F-102, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 556, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 556, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,



KARL RHOADS, Chair



