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IN REPLY, REFER TO:
OCS 23.1119

March 14, 2023

To: The Honorable David A. Tarnas, Chair
The Honorable Gregg Takayama, Vice Chair, and
Members of the House Committee on Judiciary and Hawaiian Affairs

Date: Thursday, March 16, 2023
Time: 02:00 p.m.
Place: Conference Room 325, State Capitol & Videoconference
From: Jovanie Domingo Dela Cruz, Executive Director
DLIR – Office of Community Services

Position: Support

Re: S.B. 297, S.D. 2 Relating to Grants-in-Aid

I. OVERVIEW OF PROPOSED LEGISLATION

If a grant-in-aid under Chapter 42F is used by an organization for the acquisition of land and the organization discontinues the activities or services on the land acquired for which the grant was awarded, S.B. 297, SD2 would require the organization to obtain authorization of the Legislature, by concurrent resolution, to dispose of the land in fee simple or by lease. Only after the organization obtained this authorization would it be able to dispose of the land. However, this requirement would apply only prospectively to lands acquired by the organization after this bill becomes law.

II. CURRENT LAW

Under current law, HRS §42F-103(d), a non-profit organization that wishes to dispose of land that it previously acquired with State grant funds under Chapter 42F must negotiate with the expending agency "for a lump sum or installment repayment to the State of the amount of the grant used for the acquisition of the land." This restriction must be registered, recorded, and indexed in the Bureau of

Conveyances or with the assistant registrar of the Land Court as an encumbrance on the property. Amounts received from the repayment of a grant shall be deposited into the State's general fund.

III. **COMMENTARY**

The Office of Community Services (OCS) currently administers the majority of the Grants-in-Aid awarded by the 2022 Legislature. OCS supports the intent of this measure, which provides the Legislature the discretion to provide authorization for the disposition of land acquired using Grants-in-Aid awarded under Chapter 42F.

Thank you very much for the opportunity to testify.