

JOSH B. GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNTSMAN
DEPUTY DIRECTOR

JOVANIE DOMINGO DELA CRUZ
EXECUTIVE DIRECTOR

STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
KA 'OIHANA PONO LIMAHANA
OFFICE OF COMMUNITY SERVICES
830 PUNCHBOWL STREET, ROOM 420
HONOLULU, HAWAII 96813
www.hawaii.gov/labor
Phone: (808) 586-8675 / Fax: (808) 586-8685
Email: dlir.ocs@hawaii.gov

IN REPLY, REFER TO:
OCS 23.1029

January 27, 2022

To: The Honorable Angus L.K. McKelvey, Chair,
The Honorable Mike Gabbard, Vice Chair, and
Members of the Senate Committee on Government Operations

Date: Tuesday, January 31, 2023

Time: 3:00 p.m.

Place: Conference Room 225 & Videoconference

From: Jovanie Domingo Dela Cruz, Executive Director
DLIR – Office of Community Services

Position: Support

Re: S.B. 297 – 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, Senate Bill 297 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.

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. COMMENTS ON THE PRESENT BILL

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.

Another matter to consider is whether currently existing encumbrances on real property made pursuant to the current version of HRS §42F-103(d) would need to be modified to incorporate compliance to this new provision if S.B. 297 is enacted into law.

Thank you very much for the opportunity to testify.