
A BILL FOR AN ACT

RELATING TO MANDATORY REPORTING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. The legislature finds that the organizations
3 and individuals contracted by state agencies to provide health
4 or human services are sometimes the only people associated with
5 the State that have regular and direct contact with the
6 beneficiaries of those services. This contact allows for
7 observations of beneficiaries and at times reveals criminal
8 acts, exploitation of public services, or even abuse. For
9 example, a provider of services related to a housing assistance
10 program may witness neglect or other forms of child abuse.
11 However, that provider is under no legal obligation to report
12 those observations.

13 The purpose of this part is to require that if a provider
14 of health or human services witnesses a violation of law or
15 rule, that provider shall report the violation so that
16 investigators may follow up and prevent further injury or other
17 detrimental actions. By making reporting mandatory, this



1 measure will help to ensure the protection of Hawaii's most
2 vulnerable residents.

3 SECTION 2. Chapter 103F, Hawaii Revised Statutes, is
4 amended by adding a new section to part I to be appropriately
5 designated and to read as follows:

6 "§103F- Provider duty to report violations. (a) If
7 any provider or employee of a provider observes the violation of
8 any law or rule while fulfilling a contract awarded pursuant to
9 this chapter, that provider shall report the violation to the
10 purchasing agency within twenty-four hours.

11 (b) Failure to report any observed violation as required
12 by subsection (a) shall be grounds for termination of the
13 contract, amendment of the contract to reduce the payment to the
14 provider, or any other remedy authorized by rules adopted
15 pursuant to section 103F-408.

16 (c) This section shall not be construed to require any
17 provider or employee of a provider to obtain knowledge or skills
18 beyond that which is required to fulfill the contract."



1 PART II

2 SECTION 3. The purpose of this part is to ensure that
3 entities that receive funds from the department of health or
4 department of human service use those funds responsibly.

5 SECTION 4. Chapter 103F, Hawaii Revised Statutes, is
6 amended by adding a new section to part I to be appropriately
7 designated and to read as follows:

8 "§103F- Annual financial reports. (a) Every provider
9 shall annually file with the department to which the purchasing
10 agency is attached a report for its most recently completed
11 fiscal year as follows:

12 (1) If the provider files a Form 990, 990-EZ, or 990-PF
13 with the Internal Revenue Service, the annual report
14 shall be a copy of that Form 990, 990-EZ, or 990-PF;
15 and

16 (2) If a provider files a Form 990N or is not required to
17 file a Form 990, 990-EZ, or 990-PF with the Internal
18 Revenue Service, the annual report shall contain all
19 information prescribed by the department to which the
20 purchasing agency is attached; provided that, if the
21 provider is required to file a Form 990-T with the



1 Internal Revenue Service, the provider's annual report
2 shall also include a copy of that Form 990-T.

3 (b) The annual report for a provider that files a Form
4 990, 990-EZ, or 990-PF shall be electronically submitted to the
5 department to which the purchasing agency is attached within ten
6 business days of the date that the provider files the form with
7 the Internal Revenue Service. Not later than the fifteenth day
8 of the fifth month following the close of its fiscal year, the
9 annual report for a provider that files a Form 990-N or that is
10 not required to file a Form 990, 990-EZ, or 990-PF shall be
11 electronically submitted to the department to which the
12 purchasing agency is attached.

13 (c) An authorized officer or agent of the provider shall
14 sign the annual report and shall certify that the statements
15 therein are true and correct to the best of the officer's or
16 agent's knowledge, subject to penalties imposed by section
17 710-1063.

18 (d) A provider that has obtained an extension of time to
19 file a Form 990, 990-EZ, or 990-PF from the Internal Revenue
20 Service shall provide a copy to the department to which the



1 purchasing agency is attached within twenty days after the copy
2 is requested by that department.

3 (e) The department to which the purchasing agency is
4 attached shall accept, under conditions prescribed by that
5 department, a copy or duplicate original of financial
6 statements, reports, or returns filed by the provider with the
7 Internal Revenue Service or another state having requirements
8 similar to the provisions of this section; provided that the
9 department may prescribe the form of the annual financial report
10 for charitable organizations that file the Form 990-N with the
11 Internal Revenue Service, or that are not required to file a
12 Form 990, 990-EZ, or 990-PF with the Internal Revenue Service.

13 (f) A provider required to obtain an audit report by a
14 governmental authority or a third party shall include with its
15 annual report an audit report, prepared by a certified public
16 accountant in accordance with generally accepted accounting
17 principles.

18 (g) If an annual report required under this section is not
19 filed, taking into account any extension of time for filing,
20 unless the failure is shown to be due to reasonable cause, a
21 late filing fee of \$20 shall be imposed for each day the



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1 violation continues; provided that the total amount imposed
2 under this subsection shall not exceed \$1,000.

3 (h) Every provider subject to this section shall keep true
4 fiscal records that shall be available for inspection upon
5 request. The provider shall retain the records for no less than
6 three years after the end of the fiscal year to which the
7 records relate.

8 (i) The department to which the purchasing agency is
9 attached may require that any documents required by this section
10 be electronically submitted and include electronic signatures.

11 (j) All documents submitted pursuant to this section shall
12 be shared with the department of taxation for the purpose of
13 ensuring compliance with state tax requirements."

PART III

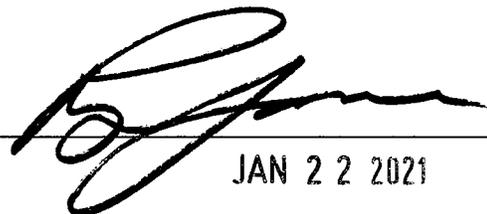
15 SECTION 4. This Act does not affect rights and duties that
16 matured, penalties that were incurred, and proceedings that were
17 begun before its effective date.

18 SECTION 5. New statutory material is underscored.

19 SECTION 6. This Act shall take effect upon its approval.

20

INTRODUCED BY:



JAN 22 2021



H.B. NO. 314

Report Title:

DHS; DOH; DOTAX; Providers; Procurement

Description:

Requires that providers of services for the department of health or department of human services report any rule or law violations they observe. Requires that providers of health or human services file annual financial reports and that the reports be disclosed to the department of taxation.

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

