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

9           Accordingly, the purpose of this Act is to clarify  
10 existing, and establish new, grant application process and  
11 eligibility 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) If applicable, proof that the organization is  
19 current in the payment of real property taxes;  
20 and



- 1        (2) For a nonprofit organization applying for a grant
- 2        pursuant to section 42F-103(c):
- 3        (A) A copy of the organization's exemption ruling
- 4        from the Internal Revenue Service evidencing that
- 5        the organization has been granted tax exempt
- 6        status under the Internal Revenue Code;
- 7        (B) Proof that the organization currently maintains
- 8        its tax exempt status under the Internal Revenue
- 9        Code;
- 10       (C) If applicable, proof of the organization's
- 11       compliance with section 467B-2.1; and
- 12       (D) Copies of the organization's Form 990, 990-EZ,
- 13       990-PF, or 990-N filed with the Internal Revenue
- 14       Service for the organization's prior two taxable
- 15       years."

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

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

- 20       (1) Is incorporated under the laws of the State; ~~[and]~~



1        (2) Is registered with the department of commerce and  
2        consumer affairs and in possession of a valid  
3        certificate of vendor compliance issued by the State  
4        and documenting the organization's compliance and good  
5        standing with the United States Internal Revenue  
6        Service, department of taxation, department of labor  
7        and industrial relations, and department of commerce  
8        and consumer affairs;

9        [~~2~~] (3) Has bylaws or policies that describe the manner  
10       in which the activities or services for which a grant  
11       is awarded shall be conducted or provided[-]; and

12       (4) If applicable, is current in the payment of real  
13       property taxes.

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

16       (1) Has been determined and designated to be, and  
17       currently maintains its status as, a nonprofit  
18       organization by the Internal Revenue Service; [~~and~~]

19       (2) Has a governing board whose members have no material  
20       conflict of interest and serve without  
21       compensation[-];



1           (3) If applicable, complies with section 467B-2.1; and

2           (4) Has filed Form 990, 990-EZ, 990-PF, or 990-N filed

3           with the Internal Revenue Service during the

4           organization's prior two taxable years."

5           SECTION 4. Statutory material to be repealed is bracketed

6 and stricken. New statutory material is underscored.

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



**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. (SD1)

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

