

ACT 301

H.B. NO. 1131

A Bill for an Act Relating to Chapter 42.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 42-2, Hawaii Revised Statutes, is amended to read as follows:

**“§42-2 Qualifying standards for organizations.** Any organization applying for a grant, subsidy, or purchase of service agreement shall meet all of the following standards:

- (1) Be a profit organization incorporated under the laws of the State or a nonprofit organization determined to be exempt from the federal income tax by the Internal Revenue Service;
- (2) In the case of a nonprofit organization, have a governing board whose members have no material conflict of interest and serve without compensation;
- (3) Have bylaws or policies which describe the manner in which business is conducted and policies relating to nepotism and management of potential conflict of interest situations;
- (4) Have at least one year's experience with the project or in the program area for which the request is being made; [and] provided that the director may grant an exception where the organization applying for the contract has demonstrated the necessary experience in the program area; and
- (5) Be licensed and accredited, as applicable, in accordance with the requirements of federal, state, and county governments.”

SECTION 2. Statutory material to be repealed is bracketed. New statutory material is underscored.

**SECTION 3.** This Act shall take effect upon its approval.

(Approved June 12, 1985.)