

A Bill for an Act Relating to State Funds.

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

SECTION 1. Chapter 36, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§36- Full disclosure of entities receiving state awards. (a) In this section, unless the context indicates otherwise:

“Entity”:

- (1) Includes, whether for profit or nonprofit:
 - (A) A corporation;
 - (B) An association;
 - (C) A partnership;
 - (D) A limited liability company;
 - (E) A limited liability partnership;
 - (F) A sole proprietorship;
 - (G) Any other legal business entity;
 - (H) Any other grantee or contractor that is not excluded by subparagraph (2) or (3); and
 - (I) Any state or county entity;
- (2) On and after January 1, 2010, includes any subcontractor or subgrantee; and
- (3) Does not include:
 - (A) An individual recipient of state public assistance; or
 - (B) A state employee.

“Searchable website” means a website that allows the public to:

- (1) Search state awards by any identifying element required by subsection (b);
- (2) Ascertain through a single search the total amount of funding awarded to an entity by state award that is a grant, subgrant, loan, awards cooperative agreement, or other form of financial assistance, by fiscal year;
- (3) Ascertain through a single search the total amount of funding awarded to an entity by a state award that is a contract, subcontract, purchase order, task order, or delivery order, by fiscal year; and
- (4) Download data included in paragraph (1) included in the outcome from searches.

“State award” means state financial assistance and expenditures that:

- (1) Are grants, subgrants, loans, awards, cooperative agreements, other forms of financial assistance, contracts, subcontracts, purchase orders, task orders, and delivery orders;
- (2) Do not include single transactions less than \$25,000; and
- (3) Before October 1, 2009, do not include credit card transactions.

(b) Not later than January 1, 2009, the department of budget and finance, in accordance with this section, shall establish, implement, and maintain a single searchable website, accessible by the public at no cost, that includes for each state award:

- (1) The name of the entity receiving the award;
- (2) The amount of the award;
- (3) Information on the award, including transaction type, funding agency, the North American Industry Classification System code, program

source, and an award title descriptive of the purpose of each funding action;

- (4) The full address of the entity receiving the award and the primary location of performance under the award;
- (5) A unique identifier of the entity receiving the award and of the parent entity of the recipient, if the entity is owned by another entity; and
- (6) Any other relevant information specified by the department of budget and finance.

The website shall include data for fiscal year 2008 and each fiscal year thereafter.

The director of finance is authorized to designate one or more state agencies to participate in the development, establishment, maintenance, and support of the website. In the initial designation, or in subsequent instructions and guidance, the director may specify the scope of the responsibilities of each agency.

State agencies shall comply with the instructions and guidance issued by the director of finance and shall provide appropriate assistance to the director upon request, so as to assist the director in ensuring the existence and operation of the website.

(c) The website established under this section:

- (1) Shall provide an opportunity for the public to provide input about the utility of the site and recommendations for improvements;
- (2) Shall be updated not later than thirty days after the award of any state award requiring a posting; and
- (3) Shall provide for separate searches for the state awards;

provided that, notwithstanding any provision under this section to the contrary, except for information that is disclosed in the aggregate, information on any state award that is tax related and authorized under title 14 shall be disclosed pursuant to taxpayer disclosure provisions under title 14.

(d) Not later than July 1, 2008, the director of finance shall establish and implement a pilot program to:

- (1) Test the collection and accession of data about subgrants and subcontracts; and
- (2) Determine how to implement a subaward reporting program across the state, including:
 - (A) A reporting system under which the entity issuing a subgrant or subcontract is responsible for fulfilling the subaward reporting requirement; and
 - (B) A mechanism for collecting and incorporating agency and public feedback on the design and utility of the website.

The pilot program shall terminate not later than January 1, 2010.

(e) Based on the pilot program, not later than January 1, 2010, the director of finance:

- (1) Shall ensure that data regarding subawards are disclosed in the same manner as data regarding other state awards; and
- (2) Shall ensure that the method for collecting and distributing data about subawards:
 - (A) Minimizes burdens imposed on state award recipients and subaward recipients;
 - (B) Allows state award recipients and subaward recipients to allocate reasonable costs for the collection and reporting of subaward data as indirect costs; and
 - (C) Establishes cost-effective requirements for collecting subaward data under block grants, formula grants, and other types of assistance to local governments.

For subaward recipients that receive state funds through county governments, the director of finance may extend the deadline for ensuring that data regarding such subawards are disclosed in the same manner as data regarding other state awards for a period not to exceed eighteen months, if the director determines that compliance would impose an undue burden on the subaward recipient.

(f) Any entity that demonstrates to the director of finance that the gross income, from all sources, for the entity did not exceed \$300,000 in the previous tax year of that entity shall be exempt from the requirement to report subawards under subsection (d), until the director determines that the imposition of such reporting requirements will not cause an undue burden on the entity.

(g) Nothing in this section shall prohibit the department of budget and finance from including through the website established under this section access to data that is publicly available in any other state database.

(h) The director of finance shall submit to the legislature not later than twenty days prior to the convening of each regular session an annual report regarding the website established under this section.

Each report shall include:

- (1) Data regarding the usage and public feedback on the utility of the site (including recommendations for improving data quality and collection);
- (2) An assessment of the reporting burden placed on state award and subaward recipients; and
- (3) An explanation of any extension of the subaward reporting deadline, if applicable.

The director of finance shall make each report publicly available on the website established under this section.

(i) Nothing in this section shall require the disclosure of classified information.”

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$250,000 or so much thereof as may be necessary for fiscal year 2007-2008 for the purposes of this Act.

The sum appropriated shall be expended by the department of budget and finance for the purposes of this Act.

SECTION 3. New statutory material is underscored.¹

SECTION 4. This Act shall take effect on July 1, 2007.

(Became law on July 10, 2007, without the Governor's signature, pursuant to Art. III, §16, State Constitution.)

Note

1. Edited pursuant to HRS §23G-16.5.