



**Testimony to the Senate Committee on Ways and Means
Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice Chair
Tuesday, February 16, 2021 at 10:00 a.m.
Via Videoconference
SB 556, SD1 Relating to Grants**

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the WAM Committee:

On behalf of the Hawai'i Alliance of Nonprofit Organizations (HANO), I would like to offer our comments in support of **SB 556, SD1** which aims to level the playing field for all nonprofits in obtaining Grants-in-Aid pursuant to Chapter 42F, HRS.

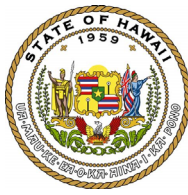
HANO is a statewide, sector-wide professional association of nonprofits. Our mission is to unite and strengthen the nonprofit sector as a collective force to improve the quality of life in Hawai'i. Our member organizations provide essential services to every community in the state.

HANO supports all efforts to improve the transparency and fairness of the Grants-In-Aid review and approval process, including the removal of any perceived or real legislator influence, as intended by this bill.

Thank you for the opportunity to testify.

Mahalo,

Lisa Maruyama
President and CEO



HAWAI'I STATE ETHICS COMMISSION

State of Hawai'i · Bishop Square, 1001 Bishop Street, ASB Tower 970 · Honolulu, Hawai'i 96813

Committee: Committee on Ways and Means
Bill Number: S.B. 556, S.D. 1
Hearing Date/Time: February 16, 2021, 10:00 a.m.
Re: Testimony of the Hawai'i State Ethics Commission **SUPPORTING**
S.B. 556, S.D. 1, Relating to Grants

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members:

The Hawai'i State Ethics Commission ("Commission") supports S.B. 556, S.D. 1, which seeks to eliminate potential conflicts of interests in the Grant-in-Aid ("GIA") funding process.

The bill prohibits an organization with a legislator on its governing board from receiving state funding under Hawai'i Revised Statutes ("HRS") chapter 42F. The bill also prohibits individuals who are current members of the Legislature from receiving GIA funding. S.B. 556, S.D. 1 promotes integrity in government by addressing potential conflicts of interests.

The existing Conflicts of Interests law, HRS § 84-14(a), applies differently to state legislators compared with other state employees: legislators are unique in that the Ethics Code does not specifically prohibit legislators from taking official action affecting businesses and nonprofit organizations on which they serve as an officer or director.¹ As a result, the State Ethics Code does not prohibit legislators from awarding GIA funding to their own organizations.

By amending the requirements under HRS chapter 42F – and limiting which individuals or organizations are eligible to receive funding – S.B. 556, S.D. 1 would help to avoid the appearance of conflicts of interests in the award of GIA funds, thus promoting integrity in state government. The Legislature would still maintain control over its own conflicts of interests rules, but organizations would be prohibited from obtaining a GIA if a legislator sat on the organization's governing board.

The Commission supports this measure and respectfully asks that the Committee pass it. Thank you for your continuing support of the Commission's work and for considering the Commission's testimony on S.B. 556, S.D. 1.

Very truly yours,

Bonita Chang
Staff Attorney

¹ When it comes to voting on legislation, legislators are bound by the conflicts of interests rules set by the Senate and the House of Representatives rather than by this portion of the Ethics Code (HRS § 84-14(a)).

Hawaii*Holding Power Accountable*

Statement Before The
SENATE COMMITTEE ON WAYS AND MEANS
Tuesday, February 16, 2021
10:00 AM
Conference Room 211 & Videoconference

in consideration of
SB 556, SD1
RELATING TO GRANTS.

Chair DELA CRUZ, Vice Chair KEITH-AGARAN, and Members of the Senate Ways and Means Committee

Common Cause Hawaii supports SB 556, SD1, which specifies that nonprofits with a legislator on its governing board shall not be eligible to receive a grant pursuant to chapter 42F, Hawaii Revised Statutes.

Common Cause Hawaii is a nonprofit, nonpartisan, grassroots organization dedicated to reforming government and strengthening democracy through ethics, accountability, and transparency reforms. Common Cause Hawaii works to ensure that our government amplifies the voices of everyday Americans and everyone plays by the same commonsense rules.

Common Cause Hawaii supports SB 556, SD1, because it eliminates a specter of undue influence in the awarding of grants and an appearance of impropriety or favoritism in the awarding of grants. SB 556, SD1 would prevent all individuals and organizations with a current member of the legislature from seeking a grant pursuant to Hawaii Revised Statutes § 42F-102. This would allow the public some measure of confidence that merit was the reason for an award versus a legislator on the Board played a role in the award.

Common Cause Hawaii supports SB 556, SD1 to restore ethics, confidence, and trust in the system, and Common Cause Hawaii respectfully urges the Committee members to pass SB 556, SD1 out of your Committee.

Thank you for the opportunity to testify in support of SB 556, SD1. If you have further questions of me, please contact me at sma@commoncause.org.

Very respectfully yours,

Sandy Ma
Executive Director, Common Cause Hawaii

SB-556-SD-1

Submitted on: 2/11/2021 11:16:51 AM

Testimony for WAM on 2/16/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Carmen Guzman	Individual	Support	No

Comments:

Finally a bill that provides transparency and protection of tax payers money's, no more friends and family kine deals!

SB-556-SD-1

Submitted on: 2/13/2021 3:38:04 PM

Testimony for WAM on 2/16/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
David Anderson	Individual	Support	No

Comments:

I support SB 556, SD1, because it eliminates the specter of undue influence in the awarding of grants and an appearance of impropriety or favoritism in the awarding of grants. SB 556, SD1 would prevent all individuals who are (and organizations that have) a current member of the legislature from seeking a grant pursuant to Hawaii Revised Statutes § 42F-102. This would allow the public some measure of confidence that merit was the reason for an award versus a legislator on the Board played a role in the award.

I support SB 556, SD1 to restore ethics, confidence, and trust in the system, and I respectfully urge the Committee members to pass SB 556, SD1 out of Committee.

SB-556-SD-1

Submitted on: 2/13/2021 9:06:36 PM

Testimony for WAM on 2/16/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Caroline Kunitake	Individual	Support	No

Comments:

Dear Chair Dela Cruz, Vice Chair Keith-Aragan and Committee on Ways and Means,

Please support SB556 SD1.

I support SB 556, SD1, because it eliminates a specter of undue influence in the awarding of grants and an appearance of impropriety or favoritism in the awarding of grants. SB 556, SD1 would prevent all individuals and organizations with a current member of the legislature from seeking a grant pursuant to Hawaii Revised Statutes § 42F-102. This would allow the public some measure of confidence that merit was the reason for an award versus a legislator on the Board played a role in the award.

Setting clear boundaries to eliminate conflicts of interest promotes good government. We need to uphold ethics to restore the public's confidence in state government.

Thank you for taking the time to review this issue. I appreciate the opportunity to provide testimony in support of SB556 SD1.

Mahalo,

Caroline Kunitake

SB-556-SD-1

Submitted on: 2/14/2021 4:44:22 AM

Testimony for WAM on 2/16/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Edward B Hanel Jr	Individual	Support	No

Comments:

SB556, SD1 lessens the potential for conflicts of interests between those seeking a grant and the government officials who award grants. It makes common sense and will promote trust in our state government. Concur with Common Cause Hawaii comments, Approve this bill.

SB-556-SD-1

Submitted on: 2/14/2021 9:59:56 AM

Testimony for WAM on 2/16/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
lynne matusow	Individual	Support	No

Comments:

Welcome to transparency. Welcome to no more undue influence in awarding grants. No more hint of favoritism or impropriety. Please support this measure. It is a welcome breath of fresh air.

SB-556-SD-1

Submitted on: 2/14/2021 3:47:30 PM

Testimony for WAM on 2/16/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Best	Individual	Support	No

Comments:

this is ethical

SB-556-SD-1

Submitted on: 2/14/2021 5:04:09 PM

Testimony for WAM on 2/16/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Donna Ambrose	Individual	Support	No

Comments:

I support legislation that reduces conflicts of interest or the appearance of conflict of interest by members of the legislature and restores confidence in government. As it stands now, an organization whose board includes a current legislator may receive a grant under Hawaii Revised Statutes 42F. This bill will help eliminate undue influence in the awarding of grants and the appearance of favoritism. I urge you to pass this bill. Mahalo.

SB-556-SD-1

Submitted on: 2/15/2021 6:20:24 AM

Testimony for WAM on 2/16/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Linda Morgan	Individual	Support	No

Comments:

I support SB 556, SD1 to restore ethics, confidence, and trust in the system, and I respectfully urge the Committee members to pass SB 556, SD1 out of your Committee.

SB-556-SD-1

Submitted on: 2/15/2021 8:34:50 AM

Testimony for WAM on 2/16/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
laurie boyle	Individual	Support	No

Comments:

I support SB 556 for the simple reason that Hawai'i grants should never be politicized and should be determined based only on merit. Hence, no legislator should be allowed on organization's Board of Directors during any grant application period.

Mahalo for your attention.