

DAVID Y. IGE  
GOVERNOR

JOSH GREEN M.D.  
LT. GOVERNOR



ISAAC W. CHOY  
DIRECTOR OF TAXATION

STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
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To: The Honorable Donovan M. Dela Cruz, Chair;  
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair;  
and Members of the Senate Committee on Ways and Means

From: Isaac W. Choy, Director  
Department of Taxation

Date: Friday, February 12, 2021  
Time: 10:00 A.M.  
Place: Via Video Conference, State Capitol

**Re: S.B. 911, Relating to Grants**

The Department of Taxation (Department) offers the following comments regarding S.B. 911, for your consideration. The measure is effective on July 1, 2021.

S.B. 911 adds the following new requirements for all organizations applying for grants from the State to provide:

- A current certificate of good standing from the Department of Commerce and Consumer Affairs;
- A current tax clearance from the Department; and
- Proof that the organization is current in the payment of real property taxes, if applicable to the organization.

The Department notes that it is able to administer this measure as currently written as it does not have a substantial administrative impact on the Department.

Thank you for the opportunity to provide comments on this measure.

**SB-911**

Submitted on: 2/5/2021 4:48:34 PM

Testimony for WAM on 2/12/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
nanci kreidman	Testifying for domestic violence action center	Comments	No

Comments:

aloha,

community based organizations, (not for profits) already follow these guidelines.

seems duplicative.

thank you

love, nanci kreidman

# HAWAII YOUTH SERVICES NETWORK

677 Ala Moana Boulevard, Suite 904 Honolulu, Hawaii 96813

Phone: (808) 489-9549

Web site: <http://www.hysn.org> E-mail: [info@hysn.org](mailto:info@hysn.org)

Carole Gruskin, President

Judith F. Clark, Executive Director

Bay Clinic

Big Brothers Big Sisters of Hawaii

Big Island Substance Abuse Council

Bobby Benson Center

Child and Family Service

Coalition for a Drug Free Hawaii

Collins Consulting, LLC

Domestic Violence Action Center

EPIC, Inc.

Family Programs Hawaii

Family Support Hawaii

Friends of the Children of West Hawaii

Friends of the Children's Justice Center of Maui

Hale Kipa, Inc.

Hale 'Opio Kauai, Inc.

Hawaii Children's Action Network

Hawaii Health & Harm Reduction Center

Ho'ola Na Pua

Kahi Mohala

Kokua Kalihi Valley

Kokua Ohana Aloha (KOA)

Maui Youth and Family Services

Na Pu'uwai Molokai Native Hawaiian Health Care Systems

P.A.R.E.N.T.S., Inc.

Parents and Children Together (PACT)

PHOCUSED

PFLAG - Kona Big Island

Planned Parenthood of the Great Northwest and

Hawaiian Islands

Residential Youth Services

& Empowerment (RYSE)

Salvation Army Family

Intervention Services

Sex Abuse Treatment Center

Susannah Wesley Community Center

The Catalyst Group

February 8, 2021

To: Senator Donovan Dela Cruz, Chair  
And members of the Committee on Ways and Means

## Testimony in Opposition to SB 911 Relating to Grants

Hawaii Youth Services Network, a statewide coalition of youth-serving organizations, opposes SB 911 Relating to Grants.

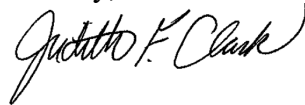
This bill is unnecessary and will add to the cost of providing essential health and human services to the most vulnerable members of our population.

Many non-profit providers bid upon multiple state contracts and grants. Instead of submitting these documents separately for each contract or grant, a central repository that providers would update annually would be more cost and time efficient for both state employees and the applicants.

Furthermore, the Attorney General's Charities Division maintains a registry of nonprofits operating in Hawaii. Registered organizations have submitted their 501(c)(3) letters from the IRS and submit their 990 tax forms and independent audits annually. Any state agency can check the organization's status on line easily at any time.

Thank you for this opportunity to testify.

Sincerely,



Judith F. Clark, MPH  
Executive Director

DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LIEUTENANT GOVERNOR



ANNE E. PERREIRA-EUSTAQUIO  
DIRECTOR

JOANN A. VIDINHAR  
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EXECUTIVE DIRECTOR

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IN REPLY, REFER TO:  
**OCS 21.1032**

February 10, 2021

To: The Honorable Donovan M. Dela Cruz, Chair,  
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair, and  
Members of the Senate Committee on Ways and Means

Hearing: Friday, February 12, 2021

Time: 10:00 a.m.

Place: Conference Room 211, via videoconference

From: Jovanie Domingo Dela Cruz, Executive Director  
Office of Community Services

**Re: S.B. No. 911 RELATING TO GRANTS**

**I. OVERVIEW OF PROPOSED LEGISLATION**

This measure seeks to improve the effectiveness of the grant-application procedures under Chapter 42F for non-profit organizations by requiring that applicants provide certain documentation at the beginning of the legislature's reviewing process, rather than leaving review of that documentation to the post-award expending period.

The Office of Community Services, which regularly is designated as an expending agency of numerous Chapter 42F grants, strongly supports this measure.

**II. CURRENT LAW**

HRS Section 42F-103 provides that the legislature shall award grants and subsidies only to non-profits that meet various criteria relating to such matters as current compliance with Internal Revenue Code Section 501(c)(3) and the most recent two years of IRS tax filings as a tax-exempt organization; compliance with HRS § 467B-2.1, regarding registration of charitable organizations; having a DCCA certificate of good standing and a current tax clearance from the State Department of Taxation, and other similar requirements. In other words, each non-profit must meet these documentary criteria before passage of the bill that contains its grant.

The Honorable Donovan M. Dela Cruz, Chair,  
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair, and  
Members of the Senate Committee on Ways and Means  
February 10, 2021  
Page 2

However, currently, non-profits merely make representations to the legislature that they meet these particular criteria, and the expending agencies, such as OCS, are obliged to verify after the appropriation is enacted that those representations are in fact valid and up-to-date.

### **III. COMMENTS ON THE PENDING BILL**

OCS strongly supports this bill for two sets of reasons. First, as a matter of public policy, these requirements help ensure that taxpayer funds will be spent on non-profit organizations that meet legal criteria and are more likely to provide public benefits. Second, these statutory changes will reduce OCS's post-award tasks and allow OCS to focus more directly and immediately on assisting the non-profit organization on getting its Capital Improvement Project or operating grant actually "up and running."



**Testimony to the Senate Committee on Ways and Means  
Senator Donovan Dela Cruz, Chair  
Senator Gilbert Keith-Agaran, Vice-Chair  
Friday, February 12, 2021, 10:00 a.m.  
Via Videoconference  
SB 911, 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, I would like to provide the following comments for SB 911, Relating to Grants.

Hawai'i Alliance of Nonprofit Organizations (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 has no objections to the requirements of submitting documents that are standard to government procurement processes, including copies of bylaws, certificate of good standing (which would include the State tax clearance), and evidence of IRS 501(c)(3) tax-exempt status. We note that nonprofits are exempt from the payment of real property taxes in all counties and assume that only nonprofits that are not, for some reason, exempt will be required to submit proof that an organization is current in the payment of such taxes as required in Section 2 of this bill.

At the same time, HANO would like to strongly advocate for the development of a coordinated interagency system for the filing and maintenance of such documents. Service providers are often contracted by multiple State and county agencies and must file a variety of documents that are standard to the procurement and contracting processes for all government agencies. **HANO would like to see a universal electronic filing system, a common documents bank or repository, if you will, in which all providers would be able to file once annually all commonly required documents that all State – and perhaps, county – agencies could readily access.** Such a system would save time and effort by all parties involved and certainly allow all service providers to focus on quality service delivery rather than these duplicative reporting requirements.

Mahalo for the opportunity to provide written testimony.

Lisa Maruyama  
President and CEO

TO: Members of the Committee on Ways and Means

FROM: Natalie Iwasa, CPA, CFE  
808-395-3233

HEARING: 10 a.m. Friday, February 12, 2021

SUBJECT: SB911 Grant Application Process - **SUPPORT WITH AMENDMENT**

Aloha Chair Dela Cruz and Committee Members,

Thank you for allowing me the opportunity to provide testimony on SB 911, which would clarify application process requirements for organizations that receive grants from the state. Any time taxpayer money is given to organizations, it is important to make sure those organizations are in compliance with laws.

In addition to the requirements listed, please add a requirement that documentation include that the organization has either registered with the Tax and Charities Division of the State Attorney General's Office or has filed an exemption with them. Note this would apply to charitable organizations.