
A BILL FOR AN ACT

RELATING TO STATE FUNDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 42F-103, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§42F-103 Standards for the award of grants and subsidies.

4 (a) Grants and subsidies shall be awarded only to individuals
5 who, and organizations that:

6 (1) Are licensed or accredited, in accordance with
7 federal, state, or county statutes, rules, or
8 ordinances, to conduct the activities or provide the
9 services for which a grant or subsidy is awarded;

10 (2) Comply with all applicable federal and state laws
11 prohibiting discrimination against any person on the
12 basis of race, color, national origin, religion,
13 creed, sex, age, sexual orientation, or disability;

14 (3) Agree not to use state funds for entertainment or
15 lobbying activities; and

16 (4) Allow the state agency to which funds for the grant or
17 subsidy were appropriated for expenditure, legislative
18 committees and their staff, and the auditor full



1 access to their records, reports, files, and other
2 related documents and information for purposes of
3 monitoring, measuring the effectiveness, and ensuring
4 the proper expenditure of the grant or subsidy.

5 (b) In addition, a grant or subsidy may be made to an
6 organization only if the organization:

- 7 (1) Is incorporated under the laws of the State; and
8 (2) Has bylaws or policies that describe the manner in
9 which the activities or services for which a grant or
10 subsidy is awarded shall be conducted or provided.

11 (c) Further, a grant or subsidy may be awarded to a
12 nonprofit organization only if the organization:

- 13 (1) Has been determined and designated to be a nonprofit
14 organization by the Internal Revenue Service; and
15 (2) Has a governing board whose members have no material
16 conflict of interest and serve without compensation.

17 (d) No grant or subsidy shall be awarded pursuant to
18 subsection (c) to a nonprofit organization that provides
19 outreach services or the administration of emergency,
20 transitional, or permanent housing to homeless individuals if
21 any of the nonprofit organization's officers or employees earn a



1 collective salary of all services provided that exceeds seventy-
2 five per cent of the salary of the director of human services.

3 ~~(d)~~ (e) If a grant or subsidy is used by an organization
4 for the acquisition of land, when the organization discontinues
5 the activities or services on the land acquired for which the
6 grant or subsidy was awarded and disposes of the land in fee
7 simple or by lease, the organization shall negotiate with the
8 expending agency for a lump sum or installment repayment to the
9 State of the amount of the grant or subsidy used for the
10 acquisition of the land. This restriction shall be registered,
11 recorded, and indexed in the bureau of conveyances or with the
12 assistant registrar of the land court as an encumbrance on the
13 property. Amounts received from the repayment of a grant or
14 subsidy under this subsection shall be deposited into the
15 general fund."

16 SECTION 2. Section 103F-401.5, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "**§103F-401.5 Proposals and awards.** (a) No contract
19 proposals shall be accepted from any applicant who lacks any
20 license necessary to conduct the business being sought by the
21 request for proposals, with the exception of proposals from



1 applicants to operate a child care program required to be
2 licensed pursuant to section 346-161.

3 (b) Proposals submitted under this chapter shall include
4 all costs, fees, and taxes, and any award or contract shall be
5 for the amount of the proposal. No award or contract shall
6 include any other payment, rebate, or direct or indirect
7 consideration that is not included in the proposal, such as
8 insurance premium or general excise tax rebates to or waivers
9 for an applicant or bidder.

10 (c) No award for a contract for outreach services or the
11 administration of emergency shelters or transitional or
12 permanent housing for the homeless population shall be made to
13 an entity unless the entity is a nonprofit organization and none
14 of the nonprofit organization's officers or employees earn a
15 collective salary that exceeds seventy-five per cent of the
16 salary of the director of human services."

17 SECTION 3. Section 356D-17, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "[+]§356D-17[+] **Public works contracts.** (a) The
20 authority may make, execute, and carry out contracts for, or in
21 connection with, any public housing project in the manner
22 provided in chapter 103D and section 103-53; and, with regard to



1 the contracts, the term "procurement officer", as used in
2 chapter 103D, shall mean the authority or officer authorized by
3 the authority to act as its contracting officer. Unless made
4 and executed in the name of the State, each contract made and
5 executed as authorized in this section shall state therein that
6 it is so made and executed.

7 (b) No contract for any public housing project shall be
8 made with any party unless the party is a nonprofit organization
9 and none of its officers or employees earn a salary that exceeds
10 seventy-five per cent of the salary of the director of human
11 services."

12 SECTION 4. Section 356D-44, Hawaii Revised Statutes, is
13 amended by amending subsection (b) to read as follows:

14 "(b) The authority shall offer any decommissioned low-
15 income public housing project, except for federal housing
16 projects, to nonprofit or for-profit organizations or government
17 agencies for rehabilitation into emergency or transitional
18 shelter facilities for the homeless or rehabilitation into
19 rental units that set aside at least fifty per cent of the units
20 to persons or families with incomes at or below fifty per cent
21 of the area median family income; provided that:



- 1 (1) The housing project is wholly owned by the State on
- 2 either state-owned or ceded lands;
- 3 (2) The authority has determined that the housing project
- 4 is not eligible for rehabilitation using the
- 5 authority's current resources; [~~and~~]
- 6 (3) The nonprofit or for-profit organization or government
- 7 agency demonstrates expertise in rehabilitation of
- 8 housing projects and has community, public, and
- 9 private resources to substantially pay for the
- 10 rehabilitation[-]; and
- 11 (4) None of the salaries of the officers or employees of a
- 12 nonprofit organization exceeds seventy-five per cent
- 13 of the salary of the director of human services.

14 The land and improvements may be leased to the nonprofit or for-
 15 profit organization or government agency for a period not to
 16 exceed ninety-nine years for a sum of \$1 per year."

17 SECTION 5. Statutory material to be repealed is bracketed
 18 and stricken. New statutory material is underscored.

19 SECTION 6. This Act shall take effect upon its approval.

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INTRODUCED BY:

Richard J. Bonilla

Roy M. Smith

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H.B. NO. 739

Report Title:

State Funds; Procurement; Public Housing; Outreach Services

Description:

Prohibits grants of subsidies or awards of contracts for outreach services, public housing projects, or the administration of state low-income public housing projects unless the grants or contracts are made to a nonprofit organization and none of the salaries or collective salaries of the officers or employees of the nonprofit organization exceeds a 75% of the salary of the director of human services.

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