
A BILL FOR AN ACT

RELATING TO GRANTS IN AID.

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

1 SECTION 1. The legislature finds that effective community
2 outreach and programs require strong leadership and organized
3 infrastructures. In order to encourage organizations that serve
4 Hawaii's residents to invest in strengthening their
5 administrative and operational infrastructure, the
6 prioritization of meeting overhead costs should be included as a
7 part of grants in aid awarded by the state.

8 The legislature also finds that often administrative and
9 overhead costs are the most difficult portion of donations to
10 raise for the organizations pursuing public and private funds,
11 limiting the organization's ability to expand, hire more staff,
12 and increase programming.

13 The legislature further finds that strong and thriving
14 community organizations are beneficial for the culture and the
15 economy of Hawaii. Furthermore, empowering grantees to focus on
16 their programs by ensuring that administrative and overhead



1 needs are met, alleviates concerns of downsizing, and allows for
2 jobs to be created and more people to be served.

3 The purpose of this Act is to require that administrative
4 and overhead costs be included as a portion of any grant awarded
5 by the state to community grantees.

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

8 "**§42F-103 Standards for the award of grants.** (a) Grants
9 shall be awarded only to individuals who, and organizations
10 that:

11 (1) Are licensed or accredited, in accordance with
12 federal, state, or county statutes, rules, or
13 ordinances, to conduct the activities or provide the
14 services for which a grant is awarded; .

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

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



1 (4) Allow the state agency to which funds for the grant
2 were appropriated for expenditure, legislative
3 committees and their staff, and the auditor full
4 access to their records, reports, files, and other
5 related documents and information for purposes of
6 monitoring, measuring the effectiveness, and ensuring
7 the proper expenditure of the grant.

8 (b) In addition, a grant may be made to an organization
9 only if the organization:

10 (1) Is incorporated under the laws of the State; and

11 (2) Has bylaws or policies that describe the manner in
12 which the activities or services for which a grant is
13 awarded shall be conducted or provided.

14 (c) Further, a grant may be awarded to a nonprofit
15 organization only if the organization:

16 (1) Has been determined and designated to be a nonprofit
17 organization by the Internal Revenue Service; and

18 (2) Has a governing board whose members have no material
19 conflict of interest and serve without compensation.

20 (d) Grant applications must include and allocate in the
21 grant cost at least ten per cent of the grant total to be used



1 for administrative and overhead costs for the individual or
2 organization.

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

15 SECTION 3. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 4. This Act shall take effect upon approval.

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INTRODUCED BY:

[Handwritten signatures: Leobardo Chang, A. Lopez, Juan Pablo Martinez, Feli Poncha, Gen. W. B. ...]



H.B. NO. 424

Report Title:

Grants; Administrative cost allowance

Description:

Guarantees a minimum of 10 per cent of grant in aid moneys to specifically address administrative and overhead costs.

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