



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

July 11, 2017

GOV. MSG. NO. 1265

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Ninth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott D. Saiki, Speaker
and Members of the House
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

I am transmitting herewith HB1309 HD1 SD1, without my approval, and with the statement of objections relating to the measure.

HB1309 HD1 SD1

RELATING TO GRANTS

Sincerely,

DAVID Y. IGE
Governor, State of Hawaii

EXECUTIVE CHAMBERS

HONOLULU

July 11, 2017

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 1309

Honorable Members
Twenty-Ninth Legislature
State of Hawai'i

Pursuant to Section 16 of Article III of the Constitution of the State of Hawai'i, I am returning herewith, without my approval, House Bill No. 1309, entitled "A Bill for an Act Relating to Grants."

The purposes of this bill are to add grants for planning, design, construction, renovation, operations, and equipment of facilities to the types of grants for which repayment to the State is required if the grantee acquires land and discontinues the activities or services approved in the grant by selling the land in fee simple or by lease; require the grantee to publicly recognize that the project was supported by the State through an awarded grant; and allow the expending agency to delegate its expending authority to a different agency when it is deemed advantageous to do so with the approval of the Governor.

This bill is objectionable because chapter 42F, Hawaii Revised Statutes, requires that when a grantee uses a grant for land acquisition and discontinues the activities on the land acquired with the grant and disposes of the land in fee simple or by lease, the grantee must negotiate with the expending agency for a lump sum or installment repayment to the State of the amount used for the acquisition of the land. This bill adds these conditions to grants used for the planning, design, renovation, operations, and equipment and requires the Department of Budget and Finance to negotiate with the grantee instead of the expending agency for the repayment of the grant moneys. Consequently, this bill only applies to that small category of grants where the grant funds are used to acquire land as its part of providing services to the public.

STATEMENT OF OBJECTIONS
HOUSE BILL NO. 1309
Page 2

I have concerns about applying the same repayment requirements to operating expenditures such as planning, design, construction, renovation, operation, and equipment for facilities as compared to the repayment requirements for capital expenditures for the acquisition of land. It appears contrary to the intent of chapter 42F to provide funds for operations serving the public, only to require the reimbursement of such funds at a later date, perhaps beyond the date of the grant contract. Further, I believe that it would be more appropriate for negotiations for the repayment of the subject moneys to be handled by the expending agency that had the initial contractual relationship with the grantee, and not the Department of Budget and Finance.

For the foregoing reasons, I am returning House Bill No. 1309 without my approval.

Respectfully,


DAVID Y. IGE
Governor of Hawai'i

P R O C L A M A T I O N

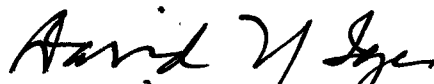
WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawai'i, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 1309, entitled "A Bill for an Act Relating to Grants," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 1309 is unacceptable to the Governor of the State of Hawai'i;

NOW, THEREFORE, I, DAVID Y. IGE, Governor of the State of Hawai'i, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawai'i, giving notice of my plan to return House Bill No. 1309 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawai'i, this 11
day of July, 2017.



DAVID Y. IGE
Governor of Hawai'i

ORIGINAL

VETO

HOUSE OF REPRESENTATIVES
TWENTY-NINTH LEGISLATURE, 2017
STATE OF HAWAII

H.B. NO. 1309
H.D. 1
S.D. 1

A BILL FOR AN ACT

RELATING TO GRANTS.

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

1 PART I

2 SECTION 1. The legislature finds that organizations that
3 expend state funds need to be more accountable. The purpose of
4 this part is to require organizations receiving grants pursuant
5 to section 42F-103, Hawaii Revised Statutes, to repay the State
6 the amount of the grant used for the planning, design,
7 construction, renovation, operations, and equipment of
8 facilities, if the organization fails to continue the activities
9 or services for which the grant was approved. This part also
10 requires organizations that utilize grants to publicly recognize
11 that the project was supported by the State.

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

14 "§42F-103 Standards for the award of grants. (a) Grants
15 shall be awarded only to individuals who, and organizations
16 that:



- 1 (1) Are licensed or accredited, in accordance with
2 federal, state, or county statutes, rules, or
3 ordinances, to conduct the activities or provide the
4 services for which a grant is awarded;
- 5 (2) Comply with all applicable federal and state laws
6 prohibiting discrimination against any person on the
7 basis of race, color, national origin, religion,
8 creed, sex, age, sexual orientation, or disability;
- 9 (3) Agree not to use state funds for entertainment or
10 lobbying activities; and
- 11 (4) Allow the state agency to which funds for the grant
12 were appropriated for expenditure, legislative
13 committees and their staff, and the auditor full
14 access to their records, reports, files, and other
15 related documents and information for purposes of
16 monitoring, measuring the effectiveness, and ensuring
17 the proper expenditure of the grant.
- 18 (b) In addition, a grant may be made to an organization
19 only if the organization:
- 20 (1) Is incorporated under the laws of the State; and



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

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

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

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

10 (d) If a grant is used by an organization for the
11 acquisition of land, or the planning, design, construction,
12 renovation, operations, or equipment of facilities, when the
13 organization discontinues the activities or services on the land
14 acquired for which the grant was awarded and disposes of the
15 land in fee simple or by lease, the organization shall negotiate
16 with the [~~expending agency~~] department of budget and finance for
17 a lump sum or installment repayment to the State of the amount
18 of the grant used for the acquisition of the land[-] or the
19 planning, design, construction, renovation, operations, or
20 equipment of facilities. This restriction shall be registered,
21 recorded, and indexed in the bureau of conveyances or with the



1 assistant registrar of the land court as an encumbrance on the
2 property. Amounts received from the repayment of a grant under
3 this subsection shall be deposited into the general fund.

4 (e) If a grant is used by an organization, then the
5 organization shall publicly recognize that the project was
6 supported by the State through an awarded grant."

7 PART II

8 SECTION 3. Chapter 42F, Hawaii Revised Statutes, is
9 amended by adding a new section to be appropriately designated
10 and to read as follows:

11 "§42F- Expending agency delegation. (a) With the
12 approval of the governor, the designated expending agency for a
13 grant may delegate its expending authority to a different agency
14 when it is determined advantageous to do so by both the original
15 expending agency and the agency to which the expending authority
16 is to be delegated; provided that the entity to which the grant
17 was awarded consents in advance to the transfer of expending
18 authority.

19 (b) The governor shall notify the legislature within five
20 days of each use of this authority and submit a report to the
21 legislature of all uses of this authority for the previous.



1 twelve-month period from December 1 to November 30 no later than
2 twenty days prior to the convening of the subsequent regular
3 session. Following the delegation pursuant to this section, the
4 agency to which the expending authority was delegated shall be
5 considered the expending agency for the purposes of this
6 chapter."

7 PART III

8 SECTION 4. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 5. This Act shall take effect on July 1, 2017.

APPROVED this day of , 2017

GOVERNOR OF THE STATE OF HAWAII

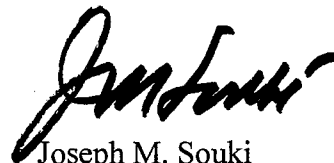


HB No. 1309, HD 1, SD 1

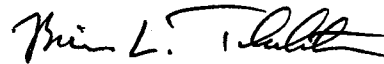
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 26, 2017
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Twenty-Ninth Legislature of the State of Hawaii, Regular Session of 2017.



Joseph M. Souki
Speaker
House of Representatives

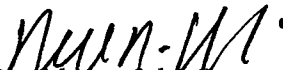



Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAII

Date: April 6, 2017
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Third Reading in the
Senate of the Twenty-ninth Legislature of the State of Hawaii, Regular Session of 2017.


President of the Senate


Clerk of the Senate