

JAN 27 2021

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# A BILL FOR AN ACT

RELATING TO THE HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT  
TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM.

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

1           SECTION 1. Section 210D-11, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "**§210D-11 Grants; conditions and qualifications.** (a)

4 Grants shall be made for amounts not to exceed \$100,000 for each  
5 applicant. Applications for grants shall be made to the  
6 department and contain such information as the department shall  
7 require by rules adopted pursuant to chapter 91. At a minimum,  
8 the applicant must show that:

9           (1) The grant shall be used exclusively for community-  
10 based economic development activities, a community-  
11 based business or enterprise, or the provision of  
12 technical assistance [~~to community-based~~  
13 ~~organizations~~], consistent with the purposes of this  
14 chapter;

15           (2) The community-based business or enterprise shall have  
16 applied for or received all applicable licenses and  
17 permits;

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- 1           (3) The applicant shall comply with all applicable federal  
2           and state laws prohibiting discrimination against any  
3           person on the basis of race, color, national origin,  
4           religion, creed, sex, age, sexual orientation,  
5           disability, or any other characteristic protected  
6           under applicable federal or state law;
- 7           (4) The grant shall not be used for purposes of  
8           entertainment or perquisites;
- 9           (5) The applicant shall comply with other requirements as  
10          the department may prescribe;
- 11          (6) All activities and improvements undertaken with funds  
12          received shall comply with all applicable federal,  
13          state, and county statutes and ordinances, including  
14          applicable building codes and agency rules;
- 15          (7) The applicant shall indemnify and save harmless the  
16          State of Hawaii and its officers, agents, and  
17          employees from and against any and all claims arising  
18          out of or resulting from activities carried out or  
19          projects undertaken with funds provided hereunder, and  
20          procure sufficient insurance to provide this  
21          indemnification if requested to do so by the  
22          department; and

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1 (8) The facilities shall not be used and are not intended  
2 to be used for sectarian instruction or as a place of  
3 worship.

4 (b) To receive a grant under this section for community-  
5 based economic development activities, a community-based  
6 enterprise or business, or the provision of technical assistance  
7 [~~to community-based organizations~~], an applicant shall:

8 (1) Be either:

9 (A) A profit subsidiary of a nonprofit community-  
10 based organization incorporated under the laws of  
11 the State;

12 (B) A nonprofit community-based organization  
13 determined to be exempt from federal income  
14 taxation by the Internal Revenue Service;

15 (C) A cooperative association; or

16 (D) An organization providing technical assistance  
17 [~~to community-based organizations~~];

18 (2) In the case of a nonprofit organization, have a  
19 governing board whose members have no material  
20 conflict of interest and serve without compensation,  
21 have bylaws or policies that describe the manner in  
22 which business is conducted and policies relating to

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1 nepotism and management of potential conflict of  
2 interest situations, and employ or contract with no  
3 two or more members of a family or kin of the first or  
4 second degree unless specifically permitted by the  
5 department;

6 (3) Agree to make available to the department all records  
7 the applicant may have relating to the grant, to allow  
8 state agencies to monitor the applicant's compliance  
9 with the purpose of this chapter; and

10 (4) Establish, to the satisfaction of the department, that  
11 sufficient funds are available for the effective  
12 operation of the activity, business, enterprise, or  
13 technical assistance for the purpose for which the  
14 grant is awarded."

15 SECTION 4. Statutory material to be repealed is bracketed  
16 and stricken.

17 SECTION 5. This Act shall take effect upon its approval.

18  
19 INTRODUCED BY:   
20 BY REQUEST

# S.B. NO. 1053

**Report Title:**

Hawaii Community-Based Economic Development Technical and Financial Assistance Program

**Description:**

Expands the eligibility of organizations that can receive Community-based Economic Development (CBED) technical assistance from not just community-based organizations (non-profits), but also includes businesses, particularly those that currently have CBED loans or may apply for a CBED loan in the future.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

# SB. NO. 1053

## JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM.

PURPOSE: Expands the eligibility of organizations that can receive Community-based Economic Development (CBED) technical assistance from not just community-based organizations (non-profits), but also includes businesses, particularly those that currently have CBED loans or may apply for a CBED loan in the future.

MEANS: Amend section 210D-11, Hawaii Revised Statutes.

JUSTIFICATION: Technical assistance is an important component of community-based economic development. CBED technical assistance should support not only community-based organizations (non-profits) to be successful in their missions, but also businesses (for profits) including recipients of CBED microloans. Expanding those organizations eligible for CBED technical assistance will allow the Department of Business, Economic Development, and Tourism (DBEDT) to better assist in the success and viability of these organizations.

Impact on the public: These amendments will provide greater opportunity for businesses to participate in the CBED program as regards technical assistance. It is particularly important to support CBED micro-loan recipients with technical assistance to be successful.

Impact on the department and other agencies: Will enable DBEDT's CBED program to be more responsive in addressing community-based

economic development needs and opportunities.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM:  
DESIGNATION: BED 100.

OTHER AFFECTED  
AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: Upon approval.