

TITLE 15
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

SUBTITLE 11
COMMUNITY-BASED DEVELOPMENT PROGRAM

CHAPTER 126
COMMUNITY-BASED DEVELOPMENT GRANTS PROGRAM

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§15-126-1 Purpose. The purpose of this chapter is to provide rules and procedures governing the administration and implementation of the grant funds of the Community-Based Development Program authorized by Act 111, SLH 1990. The effective date of the program is July 1, 1990. [Eff DEC 16 1991] (Auth: Act 111, SLH 1990) (Imp: Act 111, SLH 1990)

§15-126-2 Definitions. As used in this chapter, unless a different meaning clearly appears in the context:

"Community-based development" means a business that can be carried on a small scale in a neighborhood and which increases a community's capacity to utilize and sustain its local resources in ways which are responsive to community needs and values. It is further characterized by local control and decision-making as well as the circulation of revenues generated within the community. Examples include, but are not limited to, a cottage industry; export-oriented arts, crafts, and fashion operations; and backyard fish farming.

"Community-based organization" means an established nonprofit organization that generates community-based development activities or provides support, consultation, advocacy and training to other community groups, individuals, and businesses or enterprises engaged in community-based development activities.

"Council" means the community-based development advisory council.

"Department" means the department of business, economic development and tourism.

"Director" means the director of business, economic development and tourism.

"Grant" means an award of funds from the community-based development program, based on merit and need, to stimulate and support activities of the recipient for a specified public purpose and specified period.

"Grantee" means any recipient of a grant from the community-based development program.

"Perquisite" means a privilege, gain, or profit incidental to regular salary or wages.

"Personal information" means any information provided by the applicant, financial or otherwise, which is deemed confidential as defined by Act 262, SLH 1988.

"Traditional industry" means a viable industry or enterprise traditionally carried on by communities in Hawaii, such as, but not limited to, farming and arts and crafts.

"State" means the State of Hawaii. [Eff. DEC 16 1991] (Auth: Act 111, SLH 1990) (Imp: Act 111, SLH 1990)

§15-126-3 Community-Based Development Advisory Council. (a) The Council shall consist of nine (9) citizens appointed by the Governor from the general public and representatives of the geographic, ethnic, and socioeconomic composition of the State of Hawaii. Each county shall be represented by at least one member who is a resident of that county, and at least one member of the council shall be a representative of the financial community. The director of the State Department of Business, Economic Development, and Tourism and the chairperson of the Board of Agriculture, or their respective designees, shall be ex-officio voting members of the council. The Council shall be placed for administrative purposes in the Department of Business, Economic Development, and Tourism.

(b) The Council shall review proposals and make written recommendations on the awarding of grants and loans, subject to the final approval of the department. The Council shall also advise the department on matters related to program implementation.

(c) All meetings of the Council shall be subject to the provisions of Chapter 92 of the Hawaii Revised Statutes, as amended. [Eff DEC 16 1991] (Auth: Act 111, SLH 1990) (Imp: Act 111, SLH 1990)

§15-126-4 Purpose of grants. (a) The purpose of the grants is to assist the establishment and development of economically viable traditional or community-based businesses in the State.

(b) Grant funds may be used to cover costs, such as, but not limited to, administration and personnel; training and education; technical assistance; organizational development and planning; and advertising and marketing. [Eff. DEC 16 1991] (Auth: Act 111, SLH 1990) (Imp: Act 111, SLH 1990)

§15-126-5 Eligibility. To be eligible, the applicant shall: (a) Be either:

- (1) An individual or association who, at the date of the application, has owned and operated a traditional or small community-based business or enterprise for at least two years; or
- (2) A profit organization incorporated under the laws of the State; or
- (3) A nonprofit organization determined to be exempt from federal income taxation by the Internal Revenue Service; or
- (4) A cooperative association.

(b) In the case of a nonprofit organization, such organization shall have a governing board whose members have no material conflict of interest and serve without compensation, have bylaws or policies which describe the manner in which business is conducted and policies relating to nepotism and management of potential conflict of interest situations, and shall not employ or contract with two or more members of a family or kin of the first or second degree unless specifically permitted by the department. [Eff DEC 16 1991] (Auth: Act 111, SLH 1990) (Imp: Act 111, SLH 1990)

§15-126-6 Grant application requirements and procedures. (a) In applying for a grant under the State of Hawaii Community-Based Development Program, the applicant must use the application format prescribed by the Department. One (1) original of this application shall be submitted for the department's review to determine compliance with minimum requirements. One (1) copy only of applicable documentation such as bylaws, policies, IRS letter, articles of incorporation, audits, or other documents specified by the Department, shall also be submitted to the department unless current versions of such documentation have been previously filed with the community-based development program. Upon notification of preliminary approval by the department, one (1) original and fourteen (14) copies of the approved application shall be submitted to the department.

(b) Each organization also shall submit any additional information and documentation required by the Department for review of the application.

(c) If the organization intentionally withholds, omits, misrepresents, or refuses to provide the required information, the application shall be returned without action.

(d) Solicitation and acceptance of program proposals from eligible individuals, organizations, or businesses shall occur on an ongoing basis. However, there will be an annual primary round for the review and funding of grant proposals. All applications received after the specified cutoff date for the primary round of funding will be considered in subsequent rounds of grant allocations which will be contingent on funding availability.

(e) The public solicitation notice for applications shall include the total amount of funds available for distribution and the application cutoff date for the primary funding round. The notification shall be

published at least once a week for two weeks in a newspaper of general circulation and in a local newspaper on all of the neighbor islands. A final published solicitation notice shall appear at least thirty (30) days prior to the cutoff date for the primary funding round. Public solicitation notices will also be published at least thirty (30) days prior to the cutoff dates for any subsequent funding rounds.

(f) The Administrative Rules for the Program shall be available at the Business Services Division, Department of Business, Economic Development and Tourism, for review and information. [Eff. DEC 16 1991] (Auth: Act 111, SLH 1990) (Imp: Act 111, SLH 1990)

§15-126-7 Consideration and review of application. (a) Each application for a grant shall be reviewed by the Department for completeness and compliance with application procedures and guidelines.

(b) The Department shall also review each application to determine if the applicant will have sufficient funds available to achieve the goals and objectives proposed.

(c) The applications shall be reviewed by the Community-Based Advisory Council which shall make funding and non-funding recommendations.

(d) After receiving the Council's recommendations, the director shall make the final determination on grant awards.

(e) Grant funds shall not be awarded unless the application for grant funds has been received and reviewed in accordance with this chapter. [Eff. DEC 16 1991] (Auth: Act 111, SLH 1990) (Imp: Act 111, SLH 1990)

§15-126-8 Preference and priorities in awarding grants. In awarding grants, the Department shall:

(a) Make every effort to ensure that traditional and small community-based businesses, supported by the State of Hawaii Community-Based Development Program, are distributed throughout the State.

(b) Give preference and priority to grant proposals which establish or support businesses that:

(1) Have a majority ownership by community residents.

(2) Have a majority of employees who are residents of the community.

(3) Possess a demonstrated plan to utilize and sustain the available resources within the community.

(4) Can adequately demonstrate their conformance with the community's definition of cultural and environmental acceptability.

(5) Can demonstrate the potential for economic viability while generating socioeconomic benefits for the community.

(c) Give preference and priority to grant proposals which establish or support community-based organizations that provide broad-based support to self-sustaining socioeconomic activities. [Eff. DEC 16 1991] (Auth: Act 111, SLH 1990) (Imp: Act 111, SLH 1990)

§15-126-9 Conditions for grant. Before receiving a grant, each applicant shall provide written assurance to the department that it shall:

(a) Use the grant exclusively to support traditional or small community-based businesses;

(b) Have applied for or received all applicable licenses and permits;

(c) Comply with applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, or physical handicap;

(d) Not use grant funds for entertainment purposes or as perquisites;

(e) Comply with other requirements as the department may prescribe;

(f) Comply with all applicable federal, state, and county statutes and ordinances, including applicable building codes and agency rules;

(g) Indemnify and save harmless the State and its officers, agents, and employees from and against any and all claims arising out of or resulting from activities carried out or projects undertaken with funds provided hereunder, and procure sufficient insurance to provide this indemnification if requested to do so by the department;

(h) Not use or intend to use facilities for sectarian instruction or as a place of worship;

(i) Allow the representatives of the department full access to records, reports, files, and other related fiscal practices of the grantee so that grantee may be monitored and evaluated to

assure the proper and effective expenditure of public funds;

- (j) Allow the representatives of the department to inspect, at reasonable hours, the physical facilities and operations of the grantee relating to the operation of the traditional or community-based enterprise, either in connection with the processing of a grant application or in the administration of the grant;
- (k) Maintain sound fiscal management controls and accounting procedures to assure effective operation of the program; and
- (l) Return to the department all unobligated grant funds at the end of the specified period. [Eff. DEC 16 1991] (Auth: Act 111, SLH 1990) (Imp: Act 111, SLH 1990)

§15-126-10 Commingling of funds prohibited. The grantee shall maintain all grant funds and revenues separately from other revenues of the grantee. [Eff. DEC 16 1991] (Auth: Act 111, SLH 1990) (Imp: Act 111, SLH 1990)

§15-126-11 Severability. If any provision of this chapter or the application thereof to any person or circumstance is held invalid, the remainder of this chapter, or the application of the provision to other persons or circumstances, shall not be affected. [Eff. DEC 16 1991] (Auth: Act 111, SLH 1990) (Imp: Act 111, SLH 1990)