

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 1831, H.D. 1

March 2, 2009

RELATING TO MILITARY AFFAIRS

House Bill No. 1831, H.D. 1, establishes the Military Affairs Liaison Special Fund as a separate fund of a nonprofit entity to support its role in serving as liaison in matters relating to the military and to provide oversight for the military's presence in Hawaii and the impact defense spending has on Hawaii's economy. This special fund would be funded with general fund appropriations. House Bill No. 1831, H.D. 1, appropriates funds from the general fund in Fiscal Year 2010 and Fiscal Year 2011 for deposit into this fund.

We are opposed to this bill. As a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 and 37-53.4 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It does not appear that the fund will be self-sustaining.

STATE OF HAWAII  
DEPARTMENT OF DEFENSE

TESTIMONY ON HOUSE BILL 1831 HD1  
A BILL FOR AN ACT RELATING TO MILITARY AFFAIRS

PRESENTATION TO THE  
HOUSE COMMITTEE ON FINANCE

BY

MAJOR GENERAL ROBERT G. F. LEE  
ADJUTANT GENERAL  
March 2, 2009

Chair Oshiro, Vice-Chair Lee, and Members of the Committee:

I am Major General Robert G. F. Lee, State Adjutant General. I am testifying on House Bill 1831 HD1. This bill establishes a military affairs liaisons special fund.

We strongly support House Bill 1831 HD1.

If House Bill 1831 HD1 is passed, it will allow the Department of Defense, with the concurrence of the Governor, to select a nonprofit entity that will serve as a liaison between the State and the military commands in Hawaii. As one of the largest contributors to Hawaii's economy, it would be advantageous to expand, foster, and continue our excellent relationships with the U. S. military.

This nonprofit entity will be the catalyst between the military, State and counties for a variety of actions such as being the advocate between the military and small businesses, supporting the military in realistic training while ensuring compliance with State and federal environmental laws, and to promote activities and programs to enhance the quality of life for military families.

Enactment of this bill will send a strong signal to the military leadership that Hawaii truly supports their commitment and continued presence in this State.

Chair Oshiro, thank you for the opportunity to submit this testimony strongly supporting this very important measure. Are there any questions?



**Testimony to the House Committee on Finance  
Monday, March 2, 2009  
11:30 AM  
Conference Room 308**

**RE: HOUSE BILL NO. 1831, SENATE DRAFT 1, RELATING TO MILITARY AFFAIRS**

Chair Oshiro, Vice Chair Lee, and members of the committee:

My name is Charles Ota and I am the Vice President for Military Affairs at The Chamber of Commerce of Hawaii (The Chamber). I am here to state The Chamber's support of House Bill No.1831, Senate Draft 1, Relating to Military Affairs.

The Chamber's Military Affairs Council (MAC) has served as the liaison for the state in matters relating to the U.S. military and provided oversight for the State's multi-billion dollar defense industry since 1985.

The measure proposes to create the military affairs special fund within a nonprofit entity to support the nonprofit entity's duties as the state liaison in matters relating to the military. Some of the duties include: serving as the advocate for the military and small businesses desiring to do business with the military and other federal agencies; promoting a strong and viable partnership between the state and county governments and the military commands; building rapport with installation commanders and military communities; facilitating business development opportunities for small businesses in defense and other federal contracting; participating in discussions regarding the schooling of military children in Hawaii's public schools; and supporting the military in complying with federal and state laws on protecting and preserving Hawaii's natural resources, cultural sites, and artifacts.

The measure further requires the state Adjutant General, with the Governor's concurrence, to select the nonprofit entity, and appropriates funds to the general fund.

The state has long neglected to formally establish proper oversight in preserving and expanding the second major source of revenues to the economy. This proposed action is similar to steps already taken by twelve other states that, like Hawaii, have a multi-billion dollar defense industry.

Despite sustaining decreases in military presence over the years, Hawaii's defense industry has rapidly expanded to approach tourism as the primary sources of revenues to Hawaii's economy. With annual expenditures exceeding \$8.2 billion, the defense industry accounts for generating more than \$12.2 billion in revenues for hundreds of local small businesses. Moreover, it accounts for creating more than 110,000 jobs for residents that bring home some \$7.6 billion in household earnings annually.

These significant benefits to Hawaii should hold true for the foreseeable future so long as global concerns in security threats continue to focus attention in the Asia Pacific and the state maintains a strong and viable partnership with the US Department of Defense and military commands.

It is imperative that proper oversight be closely monitored by a qualified agency as the global posturing of military forces is subject to realignments and base closures brought on by budgetary pressures. An example of this was the near closure of the Pearl Harbor Naval Shipyard, which is the state's largest industrial complex. The Base Realignment and Closure Commission proposed that the shipyard be closed in 2005. The Chamber's Military Affairs Council responded by preparing convincing testimony and rallied the support of Hawaii's Congressional delegation, the Governor, and the Mayor of Honolulu to successfully retain the shipyard, saving more than 4,300 high paying jobs for residents and a billion dollar industrial complex.

The MAC also played a key role in properly implementing the military's initiative in privatizing its family housing program, an action that will pump \$10-15 billion into Hawaii's economy through 2054.

The military, which also serves as a major ambassador in our communities with its presence at events, fundraisers, and other volunteer engagements, provides many opportunities for vendors in Hawaii to sell their products and services in commissaries and other retail outlets and military logistics purchases, thus supporting the theme "Buy Local." Furthermore, the military has been active in setting high standards and setting the pace in sustainable environments and renewal energy initiatives.

It is evident that the MAC's active role in assisting with military affairs and providing oversight for the multi-billion dollar defense industry on behalf of the State of Hawaii underscores the importance of this legislation.

For these reasons, The Chamber of Commerce of Hawaii respectfully requests that HB 1831, SD1 be passed.

Thank you for this opportunity to testify.

HOUSE OF REPRESENTATIVES  
25<sup>th</sup> LEGISLATURE  
REGULAR SESSION of 2009

COMMITTEE ON FINANCE  
Representative Marcus Oshiro, Chair

3/02/09  
11:30 AM – Room 308

HB 1831, HD 1  
Relating to Military Affairs

Chair Oshiro and members of this Committee, my name is Max J Sword, here on behalf of Outrigger Hotels, to offer our support of this bill.

Outrigger Hotels believes that what is being proposed in this bill is long overdue. As outlined in the beginning of the bill, the military along with tourism are the two main components of the states economy.

We have been interacting with the military for many years, by not only providing rooms for our service men and women, but also supporting the enlisted personnel, by providing material and moral support.

We see first hand what a little goodwill can do thru those interactions.

This bill will provide funds to further elevate those interactions to a level that should endure and foster long term positive relationships.

Mahalo for considering my testimony and urge your positive support for this bill!