

STAND. COM. REP. NO. 575

Honolulu, Hawaii
Feb 20, 2009

RE: H.B. No. 1015

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Hawaiian Affairs, to which was referred
H.B. No. 1015 entitled:

"A BILL FOR AN ACT RELATING TO OBLIGATIONS OF THE DEPARTMENT
OF HAWAIIAN HOME LANDS TRUST FUND,"

begs leave to report as follows:

The purpose of this bill is to enable the Department of
Hawaiian Home Lands (DHHL) to begin housing projects without
having the full cost of the project on hand, by amending the law
controlling trust fund expenditures to allow DHHL to incur
obligations exceeding the amount in the DHHL trust fund when:

- (1) The trust fund will be receiving moneys enabling payment
of the entire obligation within a reasonable time; and
- (2) The expenditure is approved by the Governor.

The Department of Accounting and General Services and DHHL
testified in support of this bill.

Current law requires State-funded housing projects to have
full capital financing before being allowed to proceed. However,
as DHHL often initiates projects that generate income streams
through the selling or leasing of completed homes or improved
lands, allowing them to proceed with building phases of a project
with only those funds needed to complete that particular phase
appears to be reasonable. This change in the law would reduce
DHHL project costs and also would bring DHHL's development of

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projects more in-line with private industry standards that allow contractors to be bonded and to proceed with construction projects in phases.

As affirmed by the record of votes of the members of your Committee on Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1015 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Hawaiian Affairs,

Mele Carroll

MELE CARROLL, Chair



