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*KŪKULU KE EA A KANALOA*  
**KAHO'OLAWE ISLAND RESERVE COMMISSION**

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Michael K. Nāho'opi'i  
*Executive Director*

**Testimony of**  
**MICHAEL K. NAHO'OPTI**  
**Executive Director**

**Before the House Committee on**  
**WATER, LAND, and OCEAN RESOURCES**

**Monday, February 14, 2011**  
**10:00 AM**  
**State Capitol, Conference Room 325**

**In consideration of**  
**HOUSE BILL 1224**  
**RELATING TO THE KAHO'OLAWE ISLAND RESERVE**

House Bill 1224 authorizes a portion of the conveyance tax revenues to be used to replenish the Kaho'olawe Rehabilitation Trust Fund for the long-term restoration of Kaho'olawe. The Kaho'olawe Island Reserve Commission (KIRC) supports this measure that would provide permanent state statutory funding for the restoration of Kaho'olawe.

When the State of Hawaii accepted the return of the island of Kaho'olawe in 1994, it accepted the responsibility "to preserve and protect a corner of their island state so that future generations can become familiar with their island's past human and natural heritage. For many Native Hawaiians and others, Kaho'olawe is a special place that has been sanctified by the loss of life in a struggle between traditional values and Western concepts of land use and management" (Restoring a Cultural Treasure, Kaho'olawe Island Conveyance Commission).

As stated in the Federally-mandated Kaho'olawe Island Conveyance Commission (KICC) final report to Congress in 1993, "in the short term, federal funds will provide the bulk of the program support for specific soil conservation projects and related activities. In the longer term, however, state revenues will be needed to continue and enhance those activities initiated with federal funds." For the past 16 years, the initial Federal funding has allowed the KIRC to establish many of its innovative programs that emphasize ancestral and traditional knowledge, provide a cultural approach of respect and connectivity to the environment, and integrate ancient and modern resource management techniques.

Without a secure future funding source, the KIRC estimates approximately three to possibly four years of funding are left. With 25% of the island still uncleared of unexploded ordnance and only 10% cleared for intensive use, the KIRC's continuing presence on Kaho'olawe is needed to ensure the protection of the general public. Passage of this measure is critical for fulfilling the State of Hawaii's long-term commitment to restore and protect this one corner of Hawaii.

**Testimony of  
DENISE MURPHY  
Waimea, Big Island, Hawaii**

**Before the House Committee on  
WATER, LAND AND OCEAN RESOURCES**

**Monday, February 14, 2011  
10:00 AM  
State Capitol, Conference Room 325**

**In consideration of  
House Bill 1224  
RELATING TO THE KAHOOLAWE ISLAND RESERVE**

**I respectfully request the committee to support House Bill 1224 which authorizes a portion of the conveyance tax revenues to be used to replenish the Kaho'olawe Rehabilitation Trust Fund for the long term restoration of Kaho'olawe.**

**We, the people of Hawaii, are now able to be a part of giving life back to Kaho'olawe through educational and cultural programs. Kaho'olawe is a sacred island and offers a learning environment for all to be proud of.**

**Mahalo for allowing me to provide testimony in support of HB 1224.**

**From:** karen holman [malamahonua@gmail.com]  
**Sent:** Saturday, February 12, 2011 1:26 PM  
**To:** WLOtestimony  
**Subject:** Hearing WLO 2-14-11 house bill 1224

**Testimony of**

**KAREN J. HOLMAN**

**Educator**

**Before the House Committee on**

**WATER, LAND, and OCEAN RESOURCES**

**Monday, February 14, 2011**

**10:00 AM**

**State Capitol, Conference Room 325**

**In consideration of**

**HOUSE BILL 1224**

**RELATING TO THE KAHO`OLAWE ISLAND RESERVE**

I respectfully request that the Committee support House Bill 1224, which authorizes a portion of the conveyance tax revenues to be used to replenish the Kaho'olawe Rehabilitation Trust Fund for the long-term restoration of Kaho'olawe. This bill will create a sustainable funding source to enable the Kaho'olawe Island Reserve Commission (KIRC) to continue its work towards the vision of Kaho'olawe, in which the kino of Kanaloa is restored.

As a crew member with the Polynesian Voyaging society, I was afforded the unique experience of visiting Kaho'olawe and working with PKO (Protect Kaho'olawe 'Ohana) to re-populate part of the island with native plants. In the past I have also worked as a researcher in the Northwestern Hawaiian islands. Kaho'olawe is one of very few special places remaining in the Main Hawaiian Islands where one may feel a glimpse of the wilderness, fragility and abundance of life present in the Northwest where some Kupuna islands have been restored after years of detrimental human impact.

The Kupuna islands provide a window into what a healthy Hawaiian ecosystem can look like and offer

inspiration towards restoring the health of our environment in the Main Hawaiian Islands. Kaho'olawe is also a story of renewal that reminds us of how special our planet Earth is and acts as an invaluable example of the power of restoration, right in our own backyard. During my time on the island I witnessed wounds, giant holes in the land where bombs were detonated, but I also saw pride, restoration and stewardship. I feel very strongly about the need to preserve such places that can act as an example for the world. We have so few wild places left on Earth, and particularly so close to heavily populated places. In our heritage are powerful examples of living in balance with our environment as well as living in balance with ourselves and our ancestry as a proud people rich in relationships with nature and spirituality. Kaho'olawe allows us to nurture what is vanishing and our decision to protect a place so precious and unique will carry consequences for generations to come, and not just for Hawai'i, but for the Earth.

Mahalo for the opportunity to provide testimony in support of HB 1224.

**Testimony of  
KA'IULANI M. MURPHY  
Education Specialist  
Polynesian Voyaging Society**

**Before the House Committee on  
WATER, LAND, and OCEAN RESOURCES**

**Monday, February 14, 2011  
10:00 AM  
State Capitol, Conference Room 325**

**In consideration of  
HOUSE BILL 1224  
RELATING TO THE KAHO`OLAWE ISLAND RESERVE**

I respectfully request that the Committee support House Bill 1224, which authorizes a portion of the conveyance tax revenues to be used to replenish the Kaho'olawe Rehabilitation Trust Fund for the long-term restoration of Kaho'olawe. This bill will create a sustainable funding source to enable the Kaho'olawe Island Reserve Commission (KIRC) to continue its work towards the vision of Kaho'olawe, in which the kino of Kanaloa is restored.

As a representative of the Polynesian Voyaging Society (PVS), I have had the great privilege to collaborate with KIRC and the Protect Kaho'olawe 'Ohana (PKO) in education programs on the natural, cultural, historical and spiritual significance of Kanaloa Kaho'olawe. Of the infinite lessons learned while spending time on the island and surrounding waters, I recognize the importance of Kaho'olawe as a place to reconnect with the teachings of our kupuna, from the piko of the main Hawaiian Islands up to the heavens. In an effort to train a new generation of navigators in wayfinding, Hawai'i voyaging canoes participated with KIRC and PKO in the dedication of the Kuhike'e platform at Kealaikahiki. This measure is vital to sustaining the stewardship of the rich cultural and natural resources of this sacred island and ensuring that future generations will also be able to learn the valuable lessons of Kanaloa.

Mahalo for the opportunity to provide testimony in support of HB 1224.

har3 - Megan

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**From:** Kathleen Kikuchi-Samonte [kkikuch@QLCC.org]  
**Sent:** Friday, February 11, 2011 1:30 PM  
**To:** WLOtestimony  
**Subject:** HB1224

Aloha,

My name is Kathleen Kikuchi-Samonte and I am writing to ask for your support in continuing the restoration of Kaho`olawe.

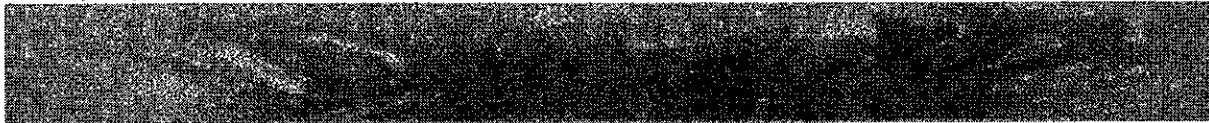
I worked on Kaho`olawe with Cultural Survey's Hawai`i Inc. during the Clean-up project, 1998-2002. This island has a special place in my heart and memory, as I spent so much time there. I've walked almost every foot of that island, I helped relocate, map, record, and monitor many of the sites that exist on that island, I even met my husband there. That island is invaluable to the people of Hawai`i of all nationalities and cultures for what it can teach us about preservation and history, as well as what happens to a place when it is not taken cared of. Although Kaho`olawe cannot be restored to its former intact self, reforestation efforts and ordinance clean-up should continue. It is the right thing to do. It also teaches a new generation of Hawaiians that one must care for their ohana and by extension the land. If we want our children to have the right ethics and values we must show them that adults can make the right decisions based on their pono values. In 15 years I want my Hawaiian children to be able to go safely to Kaho`olawe and see where mommy met daddy, and be the next generation to do their part in caring for the island of Kaho`olawe.

Mahalo for taking the time to read my testimony.

Sincerely,

Kathleen Kikuchi-Samonte

Direct Services Specialist III  
Queen Liliuokalani Children's Center  
4530 Kali Road  
Lihue, HI, 96766



# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** CONVEYANCE, Disposition for Kaho'olawe rehabilitation trust fund

**BILL NUMBER:** SB 816; HB 1224 (Similar)

**INTRODUCED By:** SB by English, Chun Oakland, Ryan, Shimabukuro and 10 Democrats; HB by Carroll, Evans, Hanohano, C. Lee, McKelvey, Morikawa and 1 Democrat

**BRIEF SUMMARY:** Amends HRS section 247-7 to provide that 10% of conveyance tax revenues shall be paid into the Kaho'olawe rehabilitation trust fund.

**EFFECTIVE DATE:** SB - July 1, 2011; HB 1224 - Upon approval

**STAFF COMMENTS:** The conveyance tax was enacted by the 1966 legislature after the repeal of the federal law requiring stamps for transfers of real property. It was enacted for the sole purpose of providing the department of taxation with additional data for the determination of market value of properties transferred. This information was also to assist the department in establishing real property assessed values and at that time the department stated that the conveyance tax was not intended to be a revenue raising device. The conveyance tax is imposed each time property changes title or ownership.

Prior to 1993, the conveyance tax was imposed at the rate of 5 cents per \$100 of actual and full consideration paid for a transfer of property. The legislature by Act 195, SLH 1993, increased the conveyance tax to 10 cents per \$100 and earmarked 25% of the tax to the rental housing trust fund and another 25% to the natural area reserve fund. As a result of legislation in 2005 and in 2009, the conveyance tax rates were substantially increased and bifurcated between nonowner-occupied residential properties and all other properties with brackets based on the amount of the value transferred. Until 2005, 50% of the receipts went into the general fund and the other half was split with the affordable rental housing program and the natural area reserve program. Beginning in 2005, another 10% was taken for the land conservation fund. When the state general fund began to hemorrhage, the allocation was reshuffled after rates were again increased and the portion that went to the state general fund rose from 35% of collections in 2007 to 45% beginning in 2009. Currently, 10% of conveyance tax revenues is earmarked for the land conservation fund, 25% for the rental housing trust fund and 20% for the natural area reserve fund with the remainder deposited into the general fund. The proposed measures would earmark another 10% and deposit it into the Kaho'olawe trust fund - so each time a transfer or conveyance of realty by way of deeds, leases, subleases, assignments of lease, agreements of sale, assignments of agreement of sale, instruments, writings, and any other document occurs, a portion of the conveyance tax would be use for the long term restoration of Kaho'olawe.

While the proposed measures would yet again tap conveyance tax revenues for another program, it should be remembered that all of the collections of this tax were originally a receipt of the general fund. That is the problem with earmarking the conveyance tax. With a hot real estate market, the collections of this tax soared. However, as the market cools, as it did after the Japanese bubble burst in the mid 1990's and now in the aftermath of the subprime credit crisis, the collections of this tax will wane. The

conveyance tax is one of the least dependable sources upon which to rely for funding with collections rising and falling with the fortunes of the real estate market. Any amount collected under this tax will depend on activity in the real estate market. When the housing market slows down, revenues may not be sufficient to meet the expectations of the fund. If the additional revenues are not sufficient or another "important" program needs funding, will the conveyance tax be increased to generate even more revenue?

If the legislature deems any of the programs for which conveyance tax revenues are earmarked to be such a high priority, then it should maintain the accountability for these funds by appropriating the funds as it does with other programs. Earmarking revenues merely absolves elected officials from setting priorities. The beneficiaries of such earmarked sources look upon the receipts as "their" money and refuse to be held accountable for the use of those funds. Meanwhile, all other programs not so favored like education, public safety, health and human services are cut each day as general fund tax revenues shrink.

Instead of further clouding the financial picture of the state, all of these earmarked funds and the programs they underwrite, should be brought back to the general fund table so that they can be measured against all the other pressing needs of the state. Only then will lawmakers and taxpayers be able to set priorities for what little tax resources taxpayers have to share especially in these difficult economic times. Earmarking resources that bear little relationship to the program being funded represents poor public finance policy.

Finally, while lawmakers and their constituents may view this earmarking as a sincere effort to fund the Kaho'olawe rehabilitation activities, nothing could be farther from the truth as the amount earmarked may not actually produce the amount of resources that are actually needed. Because the receipts of the conveyance tax will fluctuate depending on the robustness of the real estate market, the fund will experience either feast or famine as the level of revenues received will never match the needs of the program. Thus, this proposal is highly disingenuous.

Digested 2/2/11