

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF JOBIE M. K. MASAGATANI, CHAIRMAN DESIGNATE
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEE ON OCEAN, MARINE RESOURCES &
HAWAIIAN AFFAIRS
IN SUPPORT OF

HB 175, RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS

January 30, 2013

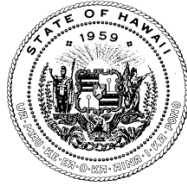
Chair Hanohano, Vice-Chair Cullen and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) supports this legislation that would supplement our department's budget by \$10 million for the development of agricultural and residential lots.

We support the intent of this legislation because it provides resources for the public land trust statutory purpose of the development of farm and home ownership on a widespread basis. In addition, it also supports the betterment of the conditions of native Hawaiians. These funds will be a consistent and reliable source of funding to help support and sustain our programs and to continue to develop homestead opportunities for the more than 26,000 applicants holding 42,000 applications for a homestead lease.

However, while we support the intent of the bill, we will defer on the fiscal implications until the Executive Biennium Budget is finalized.

Thank you for the opportunity to testify on this measure.



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

January 30, 2013

H.B. 175
RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS

House Committee on Marine Resources and Hawaiian Affairs

The Department of Transportation (DOT) has strong **reservations** regarding this bill and its financial implications for the Harbors Division.

Presently, Act 178, SLH 2006 serves as the means for satisfying the State's obligation to provide the Office of Hawaiian Affairs (OHA) with a portion of the income and proceeds from the public land trust. Act 178 requires that in total, \$15.1 million be transferred annually to OHA. Governor's Executive Order No. 06-06 directed affected agencies to set aside 20% of public land trust receipts for quarterly transfer to OHA. In Fiscal Year 2012, the Harbors Division transferred \$9.2 million to OHA.

This bill will require that affected agencies collectively transfer an additional \$10.0 million annually to the Department of Hawaiian Home Lands (DHHL). The bill does not clarify how this additional amount will be allocated among the affected agencies. Assuming that the \$9.2 million transferred to OHA in FY 2012 was about 61% of the \$15.1 million required by Act 178, it is possible that DHHL or other parties will assume that the Harbors Division will be tasked to pay an additional obligation of \$6.1 million or 61% of the \$10.0 million annually.

The commercial harbors system operates as a financial enterprise and is required to generate revenues through user fees. As an issuer of Harbor System Revenue Bonds to finance its capital improvements program, the division must meet certain rate covenant tests as provided in its bond certificate each year and it undergoes annual credit reviews by the three predominant rating agencies, Moody's Investors Service, Standard & Poors, and Fitch Ratings. The imposition of an additional \$6.1 million in expenses will reduce net revenues and lower our rate covenant results, which most likely will negatively impact the credit rating of Harbor System Revenue Bonds. Further, as additional bond sales are needed to finance the New Day Work Projects, the interest rates for those additional bonds will most likely be higher, thus placing our ability to issue additional debt in question.

We respect the legislature's role in setting public policies and defer to this body's important policy decision on the appropriate distribution of revenues derived from the public land trust. We believe, however, that it is important for the Legislature to consider the fiscal impacts before further mandating additional entitlements to revenues from the public land trust which are held in trust for all Hawaii residents. Dedicating an additional portion of revenues to DHHL, despite its merits, will reduce revenues to the division and have financial consequences which may negatively impact our ability to maintain and operate the commercial harbors system as well as to meet our obligations to holders of outstanding Harbor System Revenue Bonds.

Thank you for the opportunity to provide testimony.





Association of Hawaiian Civic Clubs

P. O. Box 1135
Honolulu, Hawai`i 96807

Testimony of President Soulee Stroud

HOUSE COMMITTEE ON OCEAN, MARINE RESOURCES AND HAWAIIAN AFFAIRS

HOUSE BILL 175 RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS

Wednesday; Jan. 30, 2013; 10:00am; Room 325

Aloha Madam Chair Hanohano, Vice chair Cullen and members of the committee. I am Soulee Stroud, president of the Association of Hawaiian Civic Clubs here to testify in support of HB175 Relating to the Department of Hawaiian Home Lands.

The Association of Hawaiian Civic Clubs (AHCC) is currently comprised of sixty nine component member clubs in Hawaii and fifteen states on the continent. The first civic club was organized in 1918 by Prince Kuhio and a group of prominent Hawaiian men when Kuhio was a Delegate to the US Congress. Kuhio recognized the need for Native Hawaiians to become more involved in the passage of the Hawaiian Homes Act then before the Congress, and to further become engaged in the intricacies of federal and local government.

For almost a century the Hawaiian civic club movement has expanded and never deviated from its course to be involved in those issues of importance to Native Hawaiians. Each year there is a convention that brings delegates together to discuss and consider issues that have been submitted by clubs via written resolutions. If adopted by the body, AHCC resolutions that require follow up are subsequently acted upon.

At our October, 2012 convention the delegates considered Resolution 12-07, **URGING THE GOVERNOR AND THE STATE LEGISLATURE TO APPROPRIATE SUFFICIENT SUMS TO THE DEPARTMENT OF HAWAIIAN HOME LANDS.** These sums should be made available for home, agriculture, farm and ranch lot development and loans; rehabilitation projects and administration and operation of the department. Further, these sums for Hawaiian Home Lands should cause no harm to provisions made to the Office of Hawaiian Affairs whose constitutional and statutory mandate is much broader serving a much larger population of beneficiaries.

Thank you for the opportunity to testify.

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