

MAR 07 2014

SENATE CONCURRENT RESOLUTION

URGING THE GOVERNOR AND THE UNITED STATES FOREIGN-TRADE ZONES BOARD TO DEVELOP AND ESTABLISH A FOREIGN TRADE ZONE LICENSED TO THE OFFICE OF HAWAIIAN AFFAIRS AT CERTAIN KAKAAKO MAKAI PARCELS CONVEYED TO THE OFFICE OF HAWAIIAN AFFAIRS UNDER ACT 15, SESSION LAWS OF HAWAII 2012.

1 WHEREAS, section 10-1, Hawaii Revised Statutes, states in
2 pertinent part: "The people of the State of Hawaii reaffirmed
3 their solemn trust obligation and responsibility to native
4 Hawaiians and furthermore declared in the state constitution
5 that there be an office of Hawaiian affairs to address the needs
6 of the aboriginal class of people of Hawaii"; and
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8 WHEREAS, the Office of Hawaiian Affairs is established
9 pursuant to section 10-4, Hawaii Revised Statutes, having a
10 purpose that includes "[t]he betterment of conditions of native
11 Hawaiians"; and
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13 WHEREAS, the vision of the Office of Hawaiian Affairs is
14 Ho'oulu Lahui Aloha, which means "To Raise a Beloved Nation"; and
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16 WHEREAS, the Office of Hawaiian Affairs is a semi-
17 autonomous corporate body, separate and independent of the
18 Executive branch of the State of Hawaii serving as trustee to
19 receive and administer proceeds from the ceded lands trust
20 pursuant to Act 304, Session Laws of Hawaii 1990; and
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22 WHEREAS, the conveyance of the Kakaako Makai parcels to the
23 Office of Hawaiian Affairs under Act 15, Session Laws of Hawaii
24 2012, seeks to settle claims regarding breaches of trust
25 obligations from November 7, 1978, to June 30, 2012, which will
26 have the potential of restricting claims by the Office of
27 Hawaiian Affairs to and any future funding from the State; and
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29 WHEREAS, the best use of these lands is development of
30 commercial, income generating properties to provide revenue,



1 with a strong potential for increasing revenues, to increase the
2 value of the native Hawaiian trusts that benefit native
3 Hawaiians and Hawaiians; and
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5 WHEREAS, the establishment of economic activities with a
6 potential for international relationships is essential to
7 nation-building; and
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9 WHEREAS, Foreign Trade Zones provide an opportunity for the
10 development of international trade agreements as well as
11 generating revenue and providing opportunities to benefit the
12 Office of Hawaiian Affairs, native Hawaiians, Hawaiians, and the
13 State of Hawaii; and
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15 WHEREAS, Foreign Trade Zones, as an economic activity,
16 allow the deferral of customs duty for foreign merchandise until
17 that merchandise enters United States customs territory; the
18 merchandise may avoid customs duty by not entering the territory
19 but being exported from the Foreign Trade Zones; and
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21 WHEREAS, in a Foreign Trade Zone, a manufacturer may take
22 advantage of the tariff schedule of the United States by
23 considering differences in duty rates between components and
24 finished manufacture then assembling components into a final
25 product that may have a lower duty than its component parts; and
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27 WHEREAS, in a Foreign Trade Zone, if there are import
28 quotas on merchandise entering a United States customs territory
29 and the restrictions apply, merchandise may be stored in a
30 Foreign Trade Zone until a new quota period or export
31 merchandise can be processed for export markets, taking
32 advantage of the differences between United States prices and
33 world prices for ingredients or components; and
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35 WHEREAS, a Foreign Trade Zone's warehouse and marshalling
36 yards are ultra secure facilities pursuant to United States
37 customs requirements and federal criminal laws and regulations,
38 which result in lowered security and insurance costs for
39 importers, exporters, processors, and manufacturers of goods;
40 and
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42 WHEREAS, in a Foreign Trade Zone, certain drawback costs
43 and delays may be avoided, a manufacturer may receive a ninety-
44 nine percent refund of duty paid on an imported component that



1 is subsequently incorporated in an exported product, full duty
2 is paid at the import of the component, and the manufacturer
3 declares what will be exported in manufactured form to qualify
4 for drawback, and Foreign Trade Zone users can avoid these costs
5 or merchandise can be imported under "Zone Restricted" status,
6 which speeds up the drawback process; and
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8 WHEREAS, Zone Restricted status is given to merchandise
9 brought into a foreign Trade Zone of a customs territory that is
10 to be exported, stored, or destroyed (except destruction of
11 distilled spirits, wines, and fermented malt liquors), and the
12 merchandise is considered exported and cannot be returned to the
13 customs territory for consumption unless the rules of United
14 States Foreign-Trade Zones Board specify that its return is in
15 the public interest; and
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17 WHEREAS, Zone Restricted status merchandise may not be
18 manipulated, manufactured, processed, or assembled in a zone;
19 and
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21 WHEREAS, Foreign Trade Zone users may avoid bonded
22 warehouse limitations, which means that importers may need to
23 post a bond and have a time-limited use of warehousing, but if
24 Foreign Trade Zone users post no bond the merchandise may remain
25 in the zone indefinitely; and
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27 WHEREAS, goods stored in a Foreign Trade Zone for bona fide
28 customs reason may avoid state and local ad valorem taxes until
29 they enter the customs territory; and
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31 WHEREAS, operating a Foreign Trade Zone will provide an
32 opportunity for economic development, international trade and
33 commerce participation, import/export banking opportunities,
34 i.e., risk protection, letters of credit for international
35 trade, credit lines and bridge funding to support import and
36 export activities, and performance and bid bonding and
37 collateralization of inventory; and
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39 WHEREAS, participation in foreign and international trade
40 is an activity that will strengthen nation building through
41 international trade and commerce; now, therefore,
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43 BE IT RESOLVED by the Senate of the Twenty-seventh
44 Legislature of the State of Hawaii, Regular Session of 2014, the



S.C.R. NO. 142

1 House of Representatives concurring, that the Governor and
 2 United States Foreign-Trade Zones Board are urged to develop and
 3 establish a Foreign Trade Zone licensed to the Office of
 4 Hawaiian Affairs at certain Kakaako Makai parcels conveyed to
 5 the Office of Hawaiian Affairs under Act 15, Session Laws of
 6 Hawaii 2012; and

7
 8 BE IT FURTHER RESOLVED that certified copies of this
 9 Concurrent Resolution be transmitted to the Governor,
 10 Chairperson of the Board of Trustees of the Office of Hawaiian
 11 Affairs, Chairperson of the United States Foreign-Trade Zones
 12 Board, and each county mayor.

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