

SB2743

Measure Title: RELATING TO THE KAHO`OLAWE ISLAND RESERVE.

Report Title: Kaho`olawe Island Reserve Commission; Conveyance Tax

Description: Authorizes a portion of the conveyance tax revenues to be paid into the Kaho`olawe rehabilitation trust fund for the long-term rehabilitation and maintenance of the Kaho`olawe island reserve. Repeals on the earlier of 6/30/2026 or upon federal and state recognition of the Sovereign Native Hawaiian entity.

Companion:

Package: None

Current Referral: WTL/HWN, WAM

Introducer(s): ENGLISH, BAKER, GALUTERIA, IGE, KEITH-AGARAN, NISHIHARA, RUDERMAN, SHIMABUKURO, Dela Cruz, Espero, Gabbard, Hee, Kahele, Kouchi, Tokuda

<u>Sort by Date</u>		Status Text
1/17/2014	S	Introduced.
1/21/2014	S	Passed First Reading.
1/21/2014	S	Referred to WTL/HWN, WAM.
1/29/2014	S	The committee(s) on WTL/HWN has scheduled a public hearing on 02-03-14 1:15PM in conference room 225.



KŪKULU KE EA A KANALOA

KAHO`OLAWE ISLAND RESERVE COMMISSION

811 Kolu Street, Suite 201, Wailuku, HI 96793
Telephone (808) 243-5020 Fax (808) 243-5885
Website: <http://kahoolawe.hawaii.gov>

COMMISSION MEMBERS

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Michael K. Nāho`opi`i
Executive Director

Testimony of MICHAEL K. NAHO`OPTI Executive Director

Before the Senate Committees on

WATER & LAND and HAWAIIAN AFFAIRS

**Monday, February 3, 2014
1:15 PM**

State Capitol, Conference Room 225

In consideration of SENATE BILL 2743 RELATING TO THE KAHO`OLAWE ISLAND RESERVE

Senate Bill 2743 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.

The purposes of the Kaho`olawe Rehabilitation Trust Fund is similar to the purposes of two of the current recipient of conveyance tax funding, the Land Conservation Fund and the Natural Area Reserve Fund so that Kaho`olawe could be considered as an additional recipient to the disposition of this tax.

The Land Conservation Fund, was established under Chapter 173A, HRS to acquire and manage lands that “have natural, environmental, recreational, scenic or historic value” to the State. HRS 173A-5 allows these funds to be used for the “cost necessary to protect, maintain, or restore resources at risk on these lands, or that provide for greater public access and enjoyment of these lands...” These funds can be used for invasive species control, as well as reforestation and run-off mitigation controls. Both of the last two purposes are core functions and great challenges of the Kaho`olawe Island Reserve Commission (KIRC).

The Natural Area Reserve System (NARS) was established under Chapter 195, HRS to protect and preserve unique natural assets, for the enjoyment of future generations and to provide base lines against which changes in the environment can be measured. The Natural Area Reserve Fund was created for the identification, establishment, and management of natural area reserves.

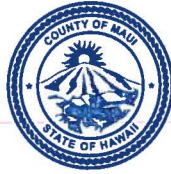
Both funds echo the KIRC’s mission and vision for the restoration and preservation of the Kaho`olawe Island Reserve (Reserve) and to provide meaningful and safe use of the Reserve. Therefore, the Kaho`olawe Rehabilitation Trust Fund could be considered an ideal match to the existing beneficiaries of HRS 247-7.

Without a secure future funding source, the KIRC estimates two more 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 Hawai'i's long-term commitment to restore and protect this one last untouched corner of Hawai'i.

ALAN M. ARAKAWA
Mayor

WILLIAM R. SPENCE
Director

MICHELE CHOUTEAU McLEAN
Deputy Director



COUNTY OF MAUI
DEPARTMENT OF PLANNING

Hearing Date:
February 3, 2014
1:15 p.m.

Senator Malama Solomon, Chair
Senator Brickwood Galuteria, Vice Chair
and Members of the Committee on Water and Land
Senator Maile S.L. Shimabukuro, Chair
Senator Clayton Hee, Vice Chair
and Members of the Committee on Hawaiian Affairs
State Capitol
Conference Room 225
415 South Beretania Street
Honolulu, Hawai'i 96813

Aloha Chairs Solomon and Shimabukuro, Vice Chairs Galuteria and Hee, and Committee Members,

SUBJECT: SUPPORT FOR SB 2743

Please accept this testimony in support of Senate Bill 2743, which would establish a secure funding source for the long-term restoration and management of the Kaho`olawe Island Reserve (Reserve), which includes the island of Kaho`olawe and its surrounding waters.

As the Chair and Maui County representative for the Kaho`olawe Island Reserve Commission, I can attest to the urgency and importance of providing this secure, short-term source of funding. Many of you have recently been to Kaho`olawe and would hopefully agree!

Under SB2743, ten percent of state conveyance tax revenue would be used to replenish the Kaho`olawe Rehabilitation Trust Fund with a cap of \$3.5 million annually and a sunset date in 2026. This is a reasonable funding source for two reasons: first, the funding responsibility for Kaho`olawe rests with the State and, second, there is a rational basis for conveyance tax revenue to fund Kaho`olawe's programs and operations.

When the State accepted the return of Kaho`olawe from the United States in 1994, it clearly accepted the responsibility to preserve and manage the Reserve. The terms of this acceptance were also stated in the federally-mandated Kaho`olawe Island Conveyance Commission 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**" (emphasis added). This funding responsibility, therefore, belongs to the State.

Senator Malama Solomon, Chair
Senator Brickwood Galuteria, Vice Chair
and Members of the Committee on Water and Land
Senator Maile S.L. Shimabukuro, Chair
Senator Clayton Hee, Vice Chair
and Members of the Committee on Hawaiian Affairs
Hearing Date: February 3, 2014
Page 2

Two current recipients of conveyance tax revenue have similar purposes as the Kaho'olawe Rehabilitation Trust Fund: the Land Conservation Fund and the Natural Area Reserve Fund. The Land Conservation Fund is used to acquire and manage certain special lands and can be used for land management techniques such as erosion control, reforestation and invasive species control, while the Natural Area Reserve System preserves, protects and manages unique natural resources. Both mirror the mission of the Kaho'olawe Rehabilitation Trust Fund to support management of the Reserve.

It makes sense to fund these programs through conveyance tax revenue. Our population increases each year, due both to natural growth of local families and to new people moving to Hawai'i. As our population increases, it becomes even more important to protect our natural, cultural and marine resources for the benefit of all of Hawai'i's people. Conveyance tax revenue is, therefore, a logical method to fund resources protection.

Without a secure funding source, Kaho'olawe's programs could continue for perhaps two more years. With 25 percent of the island remaining uncleared of unexploded ordnance, a continued round-the-clock 24/7 presence on Kaho'olawe is needed to ensure the protection of the general public. SB2743 provides secure funding, with a reasonable annual cap that will allow ongoing operations and programs to continue, and sunset date that coincides with the current strategic planning cycle.

Passage of SB2743 will fulfill the State's commitment to restore and protect the Reserve; your support will be sincerely appreciated.

Mahalo for your consideration!

Sincerely,



Michele McLean
Deputy Planning Director, County of Maui
Chair, Kaho'olawe Island Reserve Commission



SB2743
RELATING TO THE KAHO‘OLAWE ISLAND RESERVE
Senate Committee on Water and Land
Senate Committee on Hawaiian Affairs

February 3, 2014

1:15 p.m.

Room 225

The Office of Hawaiian Affairs (OHA) **SUPPORTS** SB2743, which authorizes a portion of conveyance tax revenue to be paid to the Kaho‘olawe rehabilitation trust fund up to \$3.5 million.

Kaho‘olawe, a kinolau of Kanaloa, remains a piko of Hawaiian culture, yet still retains visible scars from previous mismanagement. Kaho‘olawe was critical to the Hawaiian cultural renaissance and continues to be an integral educational center for traditional navigation, hula, natural resource management, etc. Since Kaho‘olawe’s return to the State of Hawai‘i in 1994, the Kaho‘olawe Island Reserve Commission (KIRC) has been tasked by the Legislature to manage Kaho‘olawe while it is held in trust for a future Native Hawaiian sovereign entity. In addition to the return by the U.S. Government to the state, Congress appropriated approximately \$44 million to assist with restoration. As a result of the federal funding, KIRC has begun the long road towards rehabilitation and maintenance of the island reserve. Marine and terrestrial components of the Kaho‘olawe Island Reserve are finally beginning to heal from decades of extreme damage.

While the federal funds were a noteworthy investment, it was never meant to establish a significant endowment for the long-term rehabilitation and maintenance of the Kaho‘olawe island reserve. 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.”

SB2743 seeks to allocate a portion of state conveyance tax revenue to replenish the Kaho‘olawe rehabilitation trust fund to be used for the long-term rehabilitation and maintenance of the island reserve. OHA supports efforts to protect, preserve, and restore Kaho‘olawe as a valuable natural and cultural resource for the benefit of current and future of Hawai‘i.

Therefore, OHA urges the Committees to **PASS** SB2743. Mahalo for this opportunity to provide this testimony.

HAWAIIAN AFFAIRS CAUCUS

Democratic Party of Hawaii

e-mail: mkhan@hawaiiantel.net or raytanv@aol.com

January 31, 2014

LEGISLATIVE TESTIMONY

IN SUPPORT OF

SB2743, RELATING TO THE KAHOOLAWE ISLAND RESERVE

Hearing, February 3, 2014, 1:15 p.m., Room 225

Senator Malama Solomon, Chair
Senator Brickwood Galuteria, Vice Chair
Members of the Committee on Water and Land

Senator Maile S. L. Shimabukuro, Chair
Senator Clayton Hee, Vice Chair
Committee on Hawaiian Affairs

Aloha mai kākou

The Hawaiian Affairs Caucus of the Democratic Party of Hawai'i urges your committee to fully support the provisions of SB2743 that would authorize a portion of the conveyance tax revenues to be paid into the Kaho'olawe rehabilitation trust fund for the long-term rehabilitation and maintenance of the Kaho'olawe island reserve.

Passage of this bill would provide some financial stability to enable the continuance of work to restore Kaho'olawe. Funding would also be consistent with the 1993 report to Congress by the Federally-mandated Kaho'olawe Island Conveyance Commission that recognized that state revenues will be needed to continue and enhance those activities initiated with federal funds.

According to the Kaho'olawe Island Reserve Commission, without a secure funding source, the KIRC estimates two more years of funding are left. Too, 25% of the island is still not cleared of unexploded ordnance and only 10% cleared for intensive use. This kind of situation is a barrier to economic development initiatives. Perhaps, at some point in time, when the island is safe for accessibility, plans for financial self-sustainability will be doable.

Respectfully

/s/ Leimomi Khan via on-line testimony

LEIMOMI KHAN, Co-Chair
Hawaiian Affairs Caucus Legislative Committee

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126 Queen Street, Suite 304

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Honolulu, Hawaii 96813 Tel. 536-4587

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

BILL NUMBER: SB 2743; HB 2101 (Similar)

INTRODUCED By: SB by English, Baker, Galuteria, Ige, Keith-Agaran, Nishihara, Ruderman, Shimabukuro and 7 Democrats; HB by Carroll

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.

This act shall be repealed on June 30, 2026 or upon the recognition of the sovereign Native Hawaiian entity by the State of Hawaii and the United States, whichever occurs sooner.

EFFECTIVE DATE: 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 (which at that time also administered the real property tax) 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. At the time all revenues from the tax went to the general fund. 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. Tax brackets were 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, 30% for the rental housing trust fund and 25% 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, or any other document occurs, a portion of the conveyance tax would be used 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. Collections rise and fall with the fortunes of 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 is not desirable for a number of reasons. First, it absolves elected officials from setting priorities. Second, 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 while all other programs not so favored like education, public safety, and health and human services, are cut when general fund tax revenues either shrink or do not increase in line with expectations.

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.

Digested 1/24/14

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: amyhodges1@gmail.com
Subject: Submitted testimony for SB2743 on Feb 3, 2014 13:15PM
Date: Monday, February 03, 2014 6:24:36 AM

SB2743

Submitted on: 2/3/2014

Testimony for WTL/HWN on Feb 3, 2014 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Amy Hidges	Individual	Support	No

Comments: As the only island listed on the National Register of Historic Places in its entirety, containing nearly 3,000 archaeological sites and features, it is imperative that the State preserves this important resource for current and future generations through this financial support system. Without the KIRC's ongoing protection of Kaho'olawe's coastal ecosystem, including the adjacent nearshore environment and coral reefs that can be covered with, and choked by, derelict fishing gear, nets, a huge variety of plastics and other debris items, species including the endangered Hawaiian monk seal, threatened green sea turtle, endangered hawksbill sea turtle, endangered humpback whale, endangered Hawaiian dark-rumped petrel, and endangered Newell's shearwater will be put at risk. It is imperative that a trust fund be stabilized to continue this work. Kaho'olawe is a unique ecosystem preserving immensely valuable cultural and biological resources. It is surrounded by the richest marine ecosystems remaining in the Main Hawaiian islands and providing replenishment of fish and invertebrates to other islands' waters. The KIRC's massive restoration program designed to revitalize the ecology and cultural history of the island will benefit all of Hawai'i's people for generations to come. Please support bill (SB2743 or HB2101). As the only Island Reserve set up entirely in trust for a Native Hawaiian Sovereign Entity, the KIRC is well poised to change the economic landscape and life quality of Native Hawaiians and the communities in which they reside by means of a truly unique experience on the island of Kaho'olawe. The State must maintain the responsibility of supporting the Kaho'olawe Rehabilitation Trust Fund.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Aloha to the Senators of the Senate Committee on Water and Land and the Senate Committee on Hawaiian Affairs.

I, Anela Evans, would like to submit testimony **in support** of KIRC bill (SB2743) specifying that 10% of conveyance tax revenue be paid each year into the Kaho'olawe Rehabilitation Trust Fund.

Please support this important measure to provide financial support and stability for the restoration and protection of the Kaho'olawe Island Reserve, which will benefit all of Hawai'i's people for generations to come.

As the only Island Reserve set up entirely in trust for a Native Hawaiian Sovereign Entity, the KIRC is well poised to change the economic landscape and life quality of Native Hawaiians and the communities in which they reside by means of a truly unique experience on the island of Kaho'olawe. The State must maintain the responsibility of supporting the Kaho'olawe Rehabilitation Trust Fund.

As the only island listed on the National Register of Historic Places in its entirety, containing nearly 3,000 archaeological sites and features, it is imperative that the State preserves this important resource for current and future generations through this financial support system.

Without the KIRC's ongoing protection of Kaho'olawe's coastal ecosystem, species including the endangered Hawaiian monk seal, threatened green sea turtle, endangered hawksbill sea turtle, endangered humpback whale, endangered Hawaiian dark-rumped petrel, and endangered Newell's shearwater will be put at risk. These species are faced with threats including adjacent near shore environment and coral reefs that may be choked by derelict fishing gear, nets, a huge variety of plastics and other debris items, and massive amounts of soil runoff. It is imperative that a trust fund be stabilized to continue this work.

Kaho'olawe is a unique ecosystem preserving immensely valuable cultural and biological resources. It is surrounded by the richest marine ecosystems remaining in the Main Hawaiian islands and providing replenishment of fish and invertebrates to other islands' waters. The KIRC's massive restoration program designed to revitalize the ecology and cultural history of the island will benefit all of Hawai'i's people for generations to come. Please support bill SB2743.

Mahalo for your time and consideration.

I, Colleen Soares, support KIRC bill (SB2743 or HB2101) specifying that 10% of conveyance tax revenue be paid each year into the Kaho'olawe Rehabilitation Trust Fund.

Please support this important measure to provide financial support and stability of the restoration and protection of the Kaho'olawe Island Reserve, which will benefit all of Hawai'i's people for generations to come.

As the only Island Reserve set up entirely in trust for a Native Hawaiian Sovereign Entity, the KIRC is well poised to change the economic landscape and life quality of Native Hawaiians and the communities in which they reside by means of a truly unique experience on the island of Kaho'olawe. The State must maintain the responsibility of supporting the Kaho'olawe Rehabilitation Trust Fund.

As the only island listed on the National Register of Historic Places in its entirety, containing nearly 3,000 archaeological sites and features, it is imperative that the State preserves this important resource for current and future generations through this financial support system.

Without the KIRC's ongoing protection of Kaho'olawe's coastal ecosystem, including the adjacent nearshore environment and coral reefs that can be covered with, and choked by, derelict fishing gear, nets, a huge variety of plastics and other debris items, species including the endangered Hawaiian monk seal, threatened green sea turtle, endangered hawksbill sea turtle, endangered humpback whale, endangered Hawaiian dark-rumped petrel, and endangered Newell's shearwater will be put at risk. It is imperative that a trust fund be stabilized to continue this work.

Kaho'olawe is a unique ecosystem preserving immensely valuable cultural and biological resources. It is surrounded by the richest marine ecosystems remaining in the Main Hawaiian islands and providing replenishment of fish and invertebrates to other islands' waters. The KIRC's massive restoration program designed to revitalize the ecology and cultural history of the island will benefit all of Hawai'i's people for generations to come. Please support bill (SB2743 or HB2101).

Sincerely,

Colleen Soares, PhD

SB2743

Measure Title: RELATING TO THE KAHO'OLAWE ISLAND RESERVE.

Report Title: Kaho'olawe Island Reserve Commission; Conveyance Tax

Description: Authorizes a portion of the conveyance tax revenues to be paid into the Kaho'olawe rehabilitation trust fund for the long-term rehabilitation and maintenance of the Kaho'olawe island reserve. Repeals on the earlier of 6/30/2026 or upon federal and state recognition of the Sovereign Native Hawaiian entity.

I am submitting testimony in full support of SB2743 for the authorization of conveyance tax revenues to be paid into the Kaho'olawe rehabilitation trust fund for long-term rehabilitation and maintenance. Having experienced and having worked to help in the rehabilitation process of Kaho'olawe I hope that in my life time that this island will become completely rehabilitated from the destructive state it has been placed in and returned to the native people of the land. With only a very small portion of this island being ordinance free, it is imperative that this rehabilitation process continue for our future generations. What will history say of us in another 40 years from now. This is a time of Hawaiian History where our nation **IS** speaking their Hawaiian language; our children **ARE** living and working their Hawaiian culture and their land; and the Hawaiian people **HAVE NOT** given up. Please pass SB2743!! Mahalo nui.

Testimony in Support of SB2743
Hearing Date: February 3, 2014

Thank you Chairs Solomon and Shimabukuro, Vice Chairs Galuteria and Hee, and members of the Committees on Water and Land and Hawaiian Affairs for scheduling the hearing of this bill.

I am in **support of SB2743** "Relating to the Kaho'olawe Island Reserve."

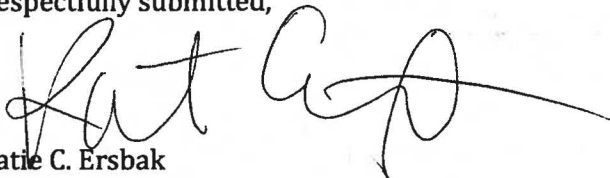
In October 2013, I was given the opportunity to spend 4 days as a volunteer on the island of Kaho'olawe. My experience was nothing short of extraordinary. As a volunteer I helped out plant native vegetation, assist with erosion control, place piping for water, and build bridges. Each day I walked away exhausted, dirty, dusty and full of thanks – thankful for the opportunity, grateful for the staff, and appreciative of the land. Kaho'olawe would not be what it is today without the help of its dedicated staff and the volunteers they mentor every day.

The KIRC staff, along with Executive Director Mike Nahoopii, are some of the most selfless, hard-working individuals I have ever met. Therefore, I felt it was my duty to express my sincere thanks and appreciation by supporting SB2743 and the creation of a Kaho'olawe Rehabilitation Trust Fund.

Without adequate funding to ensure the long-term rehabilitation and maintenance of Kaho'olawe, the efforts of the volunteers and groups like the PKO will be in vain.

Please support this bill and the future of Kaho'olawe.

Respectfully submitted,



Katie C. Ersbak

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: kmchugh@kirc.hawaii.gov
Subject: Submitted testimony for SB2743 on Feb 3, 2014 13:15PM
Date: Thursday, January 30, 2014 8:36:59 AM

SB2743

Submitted on: 1/30/2014

Testimony for WTL/HWN on Feb 3, 2014 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Kelly McHugh	Individual	Support	No

Comments: Please support this important measure to provide financial support and stability of the restoration and protection of the Kaho'olawe Island Reserve, which will benefit all of Hawaii's people for generations to come.

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Subject: Submitted testimony for SB2743 on Feb 3, 2014 13:15PM
Date: Thursday, January 30, 2014 3:13:17 PM

SB2743

Submitted on: 1/30/2014

Testimony for WTL/HWN on Feb 3, 2014 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Kimberley Newhouse	Individual	Support	No

Comments: My first experience of Kaho'olawe was in 1997 with subsequent visits to heal the 'aina through 2009. Each time I went the experience was special and rewarding, not only because of the restoration of the land but because of the connectedness with the spirit of the island. Having funding and staffing to operate KIRC is critical to the restoration, education and cultural connection to Kaho'olawe. The island is rich in more ways than I can explain and unless you have been there and truly opened up to the land and energy, you may not understand how important Kaho'olawe is. Please pass SB2743 to approve funding for KIRC to continue their good work.

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From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: 2kahaulea@gmail.com
Subject: *Submitted testimony for SB2743 on Feb 3, 2014 13:15PM*
Date: Sunday, February 02, 2014 4:27:47 PM

SB2743

Submitted on: 2/2/2014

Testimony for WTL/HWN on Feb 3, 2014 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Kylee Mar	Individual	Support	No

Comments:

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Testimony of
Professor Linda Hamilton Krieger
IN STRONG SUPPORT OF S.B. 2743
(HB 2101, similar)
RELATING TO THE KAHO‘OLAWE ISLAND RESERVE

Before the Senate Committees on
WATER & LAND / HAWAIIAN AFFAIRS

Monday, February 3, 2014
1:15 P.M.
Conference Room 225

To The Honorable Malama Solomon, Chair, & The Honorable Brickwood Galuteria, Vice Chair, Senate Committee on Water & Land, and to the Honorable Members of the Committee:

I submit this testimony in **strong support of SB 2743 (HB 2101, similar)**, which amends HRS § 247-7 to allocate 10% of conveyance tax receipts to the Kaho‘olawe rehabilitation trust fund. While I am a Professor of Law at the University of Hawaii, William S. Richardson School of Law, I submit this testimony in my individual capacity. The views expressed here do not represent the position of the University of Hawai‘i or the William S. Richardson School of Law.

This testimony is offered to counter comments on SB 2743/HB 2101 submitted by the Tax Foundation of Hawai‘i in its testimony digested on January 24, 2014. The Tax Foundation argued there that, because the conveyance tax was initially enacted to cover the costs of administering the property tax assessment system, it should not be used for other revenue-generating purposes. The Foundation further argues that using conveyance tax revenues for other purposes, such as land conservation programs, natural area reserve programs, (including the Kaho‘olawe reserve program) or affordable rental housing programs, represents “poor public finance policy” because these programs are unrelated to the activity being taxed.

Far from being “poor public finance policy,” earmarking portions of conveyance tax receipts to support environmental conservation and cultural restoration efforts are particularly appropriate uses of conveyance tax revenues, because they internalize to the real estate investment activities by non-owner occupants certain costs that have long been externalized onto Hawai‘i residents. In other words, the programs now being funded under HRS § 247-7, or which are proposed by SB2743/HB 2101, are actually not unrelated to the activity being taxed.

Speculative real estate development has increased dramatically since 1966, when the initial conveyance tax was enacted. The dramatic growth in the speculative development and transfer of residential real property in Hawaii has had significant

negative impacts here. Consider just three categories of these costs. First, using Hawaii's real estate as an investment commodity rather than as a source of affordable housing for Hawaii's residents has priced many of our citizens out of the rental market. Thus, it is fitting – and economically efficient – to tax real estate conveyances to provide funds to support rental subsidies that counteract the upward pressure real estate speculation places on rental pricing, as HRS §247-7 now provides.

The same is true of conveyance tax earmarks that support land conservation, natural reserve preservation, and the rehabilitation and upkeep of religiously or culturally significant Maoli places, like Kaho'olawe. The relentless drive to build more investment-oriented real estate developments in scenic places has for many years resulted in, and continues to result in, the systematic destruction or degradation of religiously and culturally significant places in Hawai'i. Players in the speculative real estate market benefit tremendously from the presence of Hawaii's natural area reserves, but non-resident players in these markets, because they pay no state income tax, do not contribute to their preservation or restoration.¹ It is altogether fitting that tax policy be used to address the fiscal, environmental, and cultural costs that speculative real estate investment activities have for long externalized onto Hawaii's land and people.

Economist refer to taxes that correct these sorts of market externalities as “Pegovian” taxes. A Pegovian tax is used to correct a certain type of “free market failure,” when economic activity (like speculative investment in Hawai'i real estate) reaps gains for some while “externalizing” costs onto others. A Pegovian tax corrects that market failure by taxing the economic activity that is “externalizing” costs and thereby re-internalizing those costs to the activity itself. The activity's profitability goes down, to be sure, but only because those who are profiting from the activity – and not members of the general public – are bearing the activity's true costs.

The programs for which HRS §247-7 earmarks certain conveyance tax revenues are not “unrelated” to speculative real estate investment. One can draw a straight line between the growth of real estate speculation and the degradation of undeveloped lands open to public use. Taxing real estate transfers that do not involve resident owner-occupants to fund land conservation, the operation of natural area preserve programs, and the restoration of the few remaining sacred and culturally significant Maoli spaces -- like Kaho'olawe -- actually increases the efficiency of the real estate markets, by internalizing to that market more of its actual costs, previously externalized onto the 'aina and its ho'a'aina.

Speculative real estate markets in Hawai'i are not optimally taxed. Profits are internalized to a wealthy, often non-resident group, while steep costs – including costs related to the preservation and restoration of remaining environmentally and culturally sensitive sites – are externalized to the State and its citizens. SB 2743/HB 2101 takes one “Pigovian” step toward correcting this unjust and economically inefficient situation.

¹ One should remember that property tax revenues flow to the counties, not to the State.

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: mpanderson@cogeco.ca
Subject: Submitted testimony for SB2743 on Feb 3, 2014 13:15PM
Date: Sunday, February 02, 2014 5:17:44 AM

SB2743

Submitted on: 2/2/2014

Testimony for WTL/HWN on Feb 3, 2014 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Micharl P. Anderson	Individual	Comments Only	No

Comments: Aloha! I, Michael P. Anderson, support KIRC bill (SB2743 or HB2101) specifying that 10% of conveyance tax revenue be paid each year into the Kaho'olawe Rehabilitation Trust Fund. I do not live in Hawaii, and I am not even an American citizen. But I am one of the millions of people who have visited your state each year; and having done so several times myself I believe I can speak to the importance of this bill's passage. In 1999 I reluctantly made my first visit to Hawaii. It's more of a challenge from the east because of distance and cost; and I thought Barbados would be more practical for vacation. I held that thought through my first week on Oahu, until a day trip to Kaua'i and the Waimea Canyon where I experienced a "spiritual" moment. I was hooked. During five subsequent visits I have been on seven of the 8 islands, with Kaho'olawe escaping me for obvious reasons. I have eyes to see the beauty of Hawaii, but not the words to describe it. I have stood on the Big Island to see the creation of the world's land mass. I have stood at the top of Haleakala and looked down on clouds beneath stars I thought I could touch. I have shared a two mile beach on Lana'i with only my wife and a Monk seal. I have heard the prayer Hawaiians chant before landing on Kaho'olawe; and while I don't understand one word, I know exactly what they are saying, to whom, and why. Hawaii is a very special place. It magnifies the best and worst of western society. It has the beauty to be a favorite backdrop for blockbuster movies; yet we used the smallest island for military target practice, making it uninhabitable. It is where one man can afford to by 98% of Lana'i; and yet the Government can't afford to remove a garbage mass from the ocean killing endangered wildlife daily. It is where you can see the negative impact of "invasive species" immediately; and yet as the most invasive we continue to attack the islands You have an opportunity to do the right thing ~ "the best thing"; and help reverse one of the worst. The restoration of Kaho'olawe is a very important venture. Not just for the benefit of the present generation of Hawaiian people but for the future generations of all of us. The restoration of Kaho'olawe can lead to a meaningful restoration of the Hawaiian culture, and it is that Hawaiian culture ~ the spirit of Aloha, that brings tourist such as myself back. If it were not for that growing spirit of a rekindled belief in the real Hawaiian culture there would be no reason for tourist like me to return year after year. I would go to Barbados, at a much lesser expense. Help the Hawaiian people rebuild their culture. Support KIRC bill (SB2743 or HB2101) and help them restore

Kaho'olawe as a place to do so. Mahalo nui loa! Michael Anderson

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From: mailinglist@capitol.hawaii.gov
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Cc: greenhi3@yahoo.com
Subject: Submitted testimony for SB2743 on Feb 3, 2014 13:15PM
Date: Thursday, January 30, 2014 3:58:26 PM

SB2743

Submitted on: 1/30/2014

Testimony for WTL/HWN on Feb 3, 2014 13:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Phil Barnes	Individual	Support	No

Comments: I strongly urge you to support SB2743. The federal government has taken the lead in removing unexploded ordinance from this island for many years. Federal funds will expire in 2116 and it is essential that the state step up to the plate to insure that the restoration of the island can continue unabated. I spent a week on Kaho'olawe a couple of years ago helping with it's restoration. The place has a strong mana and would be an excellent starting point for a native Hawaiian homeland.

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I, Roy Kākulu Alameida, support KIRC bill (SB2743 or HB2101) specifying that 10% of conveyance tax revenue be paid each year into the Kaho'olawe Rehabilitation Trust Fund.

...

Please support this important measure to provide financial support and stability of the restoration and protection of the Kaho'olawe Island Reserve, which will benefit all of Hawai'i's people for generations to come.

...

As the only Island Reserve set up entirely in trust for a Native Hawaiian Sovereign Entity, the KIRC is well poised to change the economic landscape and life quality of Native Hawaiians and the communities in which they reside by means of a truly unique experience on the island of Kaho'olawe. The State must maintain the responsibility of supporting the Kaho'olawe Rehabilitation Trust Fund.

...

As the only island listed on the National Register of Historic Places in its entirety, containing nearly 3,000 archaeological sites and features, it is imperative that the State preserves this important resource for current and future generations through this financial support system.

...

Without the KIRC's ongoing protection of Kaho'olawe's coastal ecosystem, including the adjacent near shore environment and coral reefs that can be covered with, and choked by, derelict fishing gear, nets, a huge variety of plastics and other debris items, species including the endangered Hawaiian monk seal, threatened green sea turtle, endangered hawksbill sea turtle, endangered humpback whale, endangered Hawaiian dark-rumped petrel, and endangered Newell's shearwater will be put at risk. It is imperative that a trust fund be stabilized to continue this work.

...

Kaho'olawe is a unique ecosystem preserving immensely valuable cultural and biological resources. It is surrounded by the richest marine ecosystems remaining in the Main Hawaiian islands and providing replenishment of fish and invertebrates to other islands' waters. The KIRC's massive restoration program designed to revitalize the ecology and cultural history of the island will benefit all of Hawai'i's people for generations to come.

I have been to the island to mālama ka 'āina and feel that the island needs help to heal after many years of destruction. It is our kuleana to ensure the island remains alive and well.

Please support bill
(SB2743 or HB2101).