

STAND. COM. REP. NO. **2515**

Honolulu, Hawaii

**FEB 16 2018**

RE: S.B. No. 757  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred  
S.B. No. 757 entitled:

"A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII,"

begs leave to report as follows:

The purpose and intent of this measure is to repeal the  
authority of the University of Hawai'i to issue revenue bonds.

Prior to the hearing on this measure, your Committee posted  
and made available for public review a proposed S.D. 1, which  
deletes the contents of the measure and inserts language to  
require and appropriate funds for the State Auditor to conduct a  
forensic financial audit of the University of Hawaii's activities  
related to Mauna Kea.

Your Committee received testimony in support of the proposed  
S.D. 1 from the Mauna Kea Anaina Hou, Kai Palaoa, Kia'i Kanaloa,  
Oahu County Committee on Legislative Priorities of the Democratic  
Party of Hawai'i, and numerous individuals. Your Committee  
received testimony in opposition to the proposed S.D. 1 from the  
University of Hawai'i System, Kona-Kohala Chamber of Commerce, and  
numerous individuals. Your Committee received comments on the  
proposed S.D. 1 from the Office of Hawaiian Affairs and Office of  
the Auditor.



Your Committee finds that Mauna Kea is the most significant cultural and astronomical site in the world. The summit region of Mauna Kea is a spiritual and special place of global significance that is home to cultural landscapes, fragile alpine habitats, historical and archaeological treasures as well as endemic species found nowhere else on the planet. Since 1998, four audits by the State Auditor have been critical of the management, stewardship, and protection of Mauna Kea. Although significant changes have occurred on Mauna Kea since the 1998 audit, negative experiences over the past fifty years have eroded public confidence and demonstrated the critical need for a financial audit to look into the University of Hawaii's activities related to Mauna Kea.

Your Committee has amended this measure by adopting the proposed S.D. 1 and further amending the measure by:

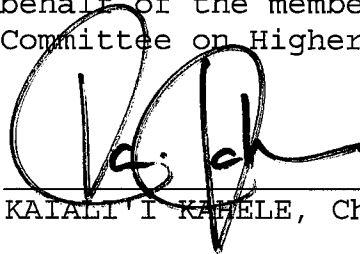
- (1) Clarifying that the audit conducted by the State Auditor shall be a financial audit, not a forensic financial audit, that includes an examination of the financial records and an analysis of the financial management of the University of Hawaii's activities related to Mauna Kea;
- (2) Deleting various elements and entities to be included in the audit, including certain leases, the Office of Mauna Kea Management Board, Kahu Kū Mauna, University of Hawai'i at Hilo astronomy program, and Hawai'i Island New Knowledge Fund;
- (3) Clarifying issues to be included in the audit related to the University of Hawai'i and Mauna Kea Observatories;
- (4) Inserting issues to be included in the audit related to the University of Hawaii's implementation of the Mauna Kea comprehensive management plan; policies to generate revenues through leases, subleases, and permits; the negotiation for telescope subleases and commercial permittees; value of opportunity costs in balancing observatory development with public trust obligations; and funding sources and allocation activity related to Mauna Kea; and



- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 757, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 757, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Higher Education,



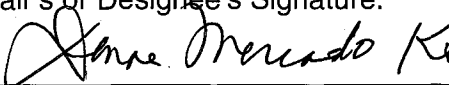
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KAIALI'I KAPELE, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Higher Education**  
**HRE**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 757	HRE, WAM	2/13/18		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KAHELE, Kaiali'i (C)	/			
KIM, Donna Mercado (VC)	/			
CHANG, Stanley	/			
KEITH-AGARAN, Gilbert S.C.				/
KIDANI, Michelle N.	/			
<b>TOTAL</b>	4			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes