
A BILL FOR AN ACT

RELATING TO HAWAIIAN HOMELANDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 213, Hawaiian Homes Commission Act,
2 1920, as amended, is amended to read as follows:

3 "§213. **Funds and accounts.** (a) There are established in
4 the treasury of the State two revolving funds, to be known
5 respectively as the Hawaiian home loan fund and the Hawaiian
6 home general loan fund.

7 (b) Hawaiian home loan fund. The moneys in this fund
8 shall be available for the purposes enumerated in section 214
9 and for payments provided in section 209 and shall not be
10 expended for any other purpose except as provided in subsection
11 (e).

12 Any interest or other earnings arising out of investments
13 from this fund shall be credited to and deposited into the
14 Hawaiian home operating fund.

15 (c) Hawaiian home general loan fund. Moneys appropriated
16 by the legislature for the construction of homes but not
17 otherwise set aside for a particular fund, for construction of



1 replacement homes, for home repairs or additions, or for the
2 development and operation of a farm, ranch, or aquaculture
3 operation; moneys transferred from other funds; and installments
4 of principal paid by the lessees upon loans made to them from
5 this fund, or as payments representing reimbursements on account
6 of advances, but not including interest on such loans or
7 advances, shall be deposited into this fund. The moneys in the
8 fund shall be used for purposes enumerated in section 214 and
9 for payments provided in section 209; provided that, in addition
10 to the conditions enumerated in section 215, farm loans shall be
11 subject to the following conditions:

- 12 (1) To be eligible for a farm loan the applicant shall
13 derive, or present an acceptable plan to derive, a
14 major portion of the applicant's income from farming;
- 15 (2) Farm loans made for the purpose of soil and water
16 conservation shall not exceed \$20,000 and shall be for
17 a term not to exceed ten years;
- 18 (3) Subsidies and grants or cost-sharing funds entitled
19 and received by the lessee for soil and water
20 conservation purposes shall be assigned to the



1 department for the repayment of the outstanding farm
2 indebtedness; and

3 (4) The lessee shall carry out recommended farm management
4 practices approved by a qualified agricultural agency.

5 The department may create an account within this fund to
6 support the guarantee of repayment of loans made by government
7 agencies or private lending institutions to a holder of a lease
8 under section 207(a) or license issued under
9 section 207(c) (1) (B).

10 The department may create an account within this fund for
11 moneys borrowed from government agencies or private lending
12 institutions to be used for any of the purposes enumerated in
13 section 214. Installments of principal and that part of the
14 interest equal to the interest charged to the department by the
15 lender paid by the lessees on the loans made to them from this
16 account shall be deposited into the same account. Any
17 additional interest or other earnings arising out of investments
18 from this account shall be credited to and deposited into the
19 Hawaiian home receipts fund.

20 (d) There are established in the treasury of the State
21 four trust funds, to be known respectively as the Hawaiian home



1 operating fund, the Hawaiian home receipts fund, the Hawaiian
2 home trust fund, and the native Hawaiian rehabilitation fund and
3 one special fund to be known as the Hawaiian home administration
4 account.

5 (e) Hawaiian home operating fund. The interest
6 transferred from the Hawaiian home loan fund, all moneys
7 received by the department from any other source, and moneys
8 transferred from the Hawaiian home receipts fund, shall be
9 deposited into the Hawaiian home operating fund. The moneys in
10 this fund, without the prior written approval of the governor,
11 shall be available:

12 (1) For construction and reconstruction of
13 revenue-producing improvements intended to serve
14 principally occupants of Hawaiian home lands,
15 including acquisition or lease therefor of real
16 property and interests therein, such as water rights
17 or other interests;

18 (2) For payment into the treasury of the State of such
19 amounts as are necessary to meet the interest and
20 principal charges for state bonds issued for such
21 revenue-producing improvements;



- 1 (3) For operation and maintenance of such improvements
2 constructed from such funds or other funds;
- 3 (4) For the purchase of water or other utilities, goods,
4 commodities, supplies, or equipment needed for
5 services, or to be resold, rented, or furnished on a
6 charge basis to occupants of Hawaiian home lands; and
- 7 (5) For appraisals, studies, consultants (including
8 architects and engineers), or any other staff services
9 including those in section 202(b) required to plan,
10 implement, develop, or operate these projects.

11 The moneys in this fund may be supplemented by other funds
12 available for or appropriated by the legislature for the same
13 purposes. In addition to such moneys, this fund, with the
14 approval of the governor, may be supplemented by transfers, made
15 on a loan basis from the Hawaiian home loan fund for a period
16 not exceeding ten years; provided that the aggregate amount of
17 such transfers outstanding at any one time shall not exceed
18 \$500,000.

19 In addition, moneys of this fund shall be made available
20 with the prior written approval of the governor for offsite
21 improvements and development necessary to serve present and



1 future occupants of Hawaiian home lands; for improvements,
2 additions, and repairs to all assets owned or leased by the
3 department excluding structures or improvements that the
4 department is obligated to acquire under section 209; for
5 engineering, architectural, and planning services to maintain
6 and develop properties; for such consultant services as may be
7 contracted for under this Act; for purchase or lease of
8 necessary equipment; for acquisition or lease of real property
9 and interest therein; and for improvements constructed for the
10 benefit of beneficiaries of this Act and not otherwise permitted
11 in the various loan funds or the administration account.

12 (f) Hawaiian home administration account. The entire
13 receipts derived from any leasing or other disposition of the
14 available lands pursuant to section [†]204(a)(2) [†] and
15 transfers from the Hawaiian home receipts fund shall be
16 deposited into this account. Any interest or other earnings
17 arising out of investments from this fund shall be credited to
18 and deposited into this fund. The moneys in this account shall
19 be expended by the department for salaries and other
20 administration expenses of the department in conformity with
21 general law applicable to all departments of the State, and no



1 sums shall be expended for structures and other permanent
2 improvements. This account shall be subject to the following
3 conditions and requirements:

4 (1) The department, when required by the governor but not
5 later than November 15 preceding each regular session
6 of the legislature, shall submit to the state director
7 of finance its budget estimates of expenditures for
8 the next fiscal period in the manner required by
9 general law;

10 (2) The department's budget as approved by the governor
11 shall be included in the governor's budget report and
12 shall be transmitted to the legislature for its
13 approval;

14 (3) Upon legislative approval of a budget, the amount
15 appropriated shall be made available to the
16 department. If no budget is approved by the
17 legislature prior to its adjournment, sums accruing to
18 this account shall not be expended for any other
19 purpose but shall remain available for future use.
20 Any amount in this account which is in excess of the
21 amount approved by the legislature or made available



1 for the fiscal period may be transferred to the
2 Hawaiian home operating fund.

3 (g) Hawaiian home receipts fund. All interest moneys from
4 loans or investments received by the department from any fund
5 except as provided for in each respective fund, shall be
6 deposited into this fund. At the end of each quarter, all
7 moneys in this fund may be transferred to the Hawaiian home
8 operating fund, the Hawaiian home administration account, the
9 Hawaiian home trust fund, and any loan fund in accordance with
10 rules adopted by the department.

11 (h) Hawaiian home trust fund. Except for gifts, bequests,
12 and other moneys given for designated purposes, moneys deposited
13 into this fund shall be available for transfers into any other
14 fund or account authorized by the Act or for any public purpose
15 deemed by the commission to further the purposes of the Act.
16 Public purpose, as used herein, includes the formation of an
17 account within the Hawaiian home trust fund as a reserve for
18 loans insured or guaranteed by the Federal Housing
19 Administration, Department of Veterans Affairs, or any other
20 federal agency and their respective successors and assigns,
21 which are authorized to insure or guarantee loans.



1 Notwithstanding any other law to the contrary, the department is
2 expressly authorized to deposit the reserve for loans in any
3 duly organized bank in the State or elsewhere in the United
4 States with automatic fund transfer capabilities and at such
5 reserve amounts as shall be reasonably required by the federal
6 agencies as a condition for participation in their respective
7 insurance or guarantee programs.

8 (i) Native Hawaiian rehabilitation fund. Pursuant to
9 Article XII, Section 1, of the Hawaii Constitution, thirty per
10 cent of the state receipts, derived from lands previously
11 cultivated as sugarcane lands under any other provision of law
12 and from water licenses, shall be deposited into this fund. The
13 department shall use this money for the rehabilitation of native
14 Hawaiians, native Hawaiian families, and Hawaiian homestead
15 communities, which shall include the educational, economic,
16 political, social, and cultural processes by which the general
17 welfare and conditions of native Hawaiians are thereby improved
18 and perpetuated.

19 The native Hawaiian rehabilitation fund shall be subject to
20 the following conditions:



- 1 (1) All moneys received by the fund shall be deposited
2 into the state treasury and kept separate and apart
3 from all other moneys in the state treasury;
- 4 (2) The director of finance shall serve as a custodian of
5 the fund. All payments from the fund shall be made by
6 the director of finance only upon vouchers approved by
7 the commission;
- 8 (3) The commission shall develop guidelines for the
9 investment of moneys in the fund;
- 10 (4) The commission may invest and reinvest in investments
11 authorized by chapter 88, Hawaii Revised Statutes.
12 The commission may hold, purchase, sell, assign,
13 transfer, or dispose of any securities and investments
14 in which any of the moneys shall have been invested,
15 as well as the proceeds of such investments; and
- 16 (5) The commission may pay out of any of the moneys held
17 for investment, a reasonable amount to any person for
18 supplying investment advisory or consultive services;
19 and to meet such other costs incident to the prudent
20 investment of moneys as the commission may approve.



1 Any payment of principal, interest, or other earnings
2 arising out of the loan or investment of money from this fund
3 shall be credited to and deposited into this fund.

4 Sections 214, 215, 216, and 217 shall not apply to
5 administration of this fund. The department is authorized to
6 adopt rules under chapter 91, Hawaii Revised Statutes, necessary
7 to administer and carry out the purposes of this fund.

8 (j) There is established in the department of Hawaiian
9 home lands the micro enterprise assistance program on Hawaiian
10 home lands revolving fund, into which shall be deposited:

- 11 (1) Appropriations from the legislature;
12 (2) Federal grants and subsidies to the State;
13 (3) Private investments; and
14 (4) Voluntary contributions.

15 (k) Notwithstanding any provisions in this section to the
16 contrary, the micro enterprise assistance program on Hawaiian
17 home lands revolving fund shall be administered by the
18 department of Hawaiian home lands to provide grants and loans to
19 the following recipients through the implementation of the micro
20 enterprise assistance program:



- 1 (1) Qualified native Hawaiians as defined by this Act and
2 pursuant to article XII of the Hawaii State
3 Constitution;
- 4 (2) Native Hawaiian-controlled homestead associations with
5 members who are qualified native Hawaiians as defined
6 by this Act and pursuant to article XII of the Hawaii
7 State Constitution;
- 8 (3) Hawaiian homestead associations' designated tax exempt
9 community development corporations; and
- 10 (4) Native Hawaiian community organizations having a
11 demonstrated ability and history of making and
12 administering loans and providing support to qualified
13 native Hawaiians as defined by this Act and pursuant
14 to article XII of the Hawaii State Constitution.
- 15 (1) The department of Hawaiian home lands may enter into a
16 memorandum of agreement with the department of business,
17 economic development, and tourism, or a successor state agency,
18 to implement the micro enterprise assistance program.
- 19 (m) For the purposes of this section, "micro enterprise
20 assistance program" means a program that assists recipients with
21 establishing businesses that are independently owned and that



1 the department has defined as a micro enterprise through
2 detailed criteria that may include the number of employees and
3 similar factors used by the United States Small Business
4 Administration."

5 SECTION 2. There is appropriated out of the Hawaiian home
6 lands trust fund the sum of \$ or so much thereof as
7 may be necessary for fiscal year 2020-2021 for deposit into the
8 micro enterprise assistance program on Hawaiian home lands
9 revolving fund.

10 SECTION 3. There is appropriated out of the micro
11 enterprise assistance program on Hawaiian home lands revolving
12 fund the sum of \$ or so much thereof as may be
13 necessary for fiscal year 2020-2021 for loans or grants issued
14 pursuant to section 213(k), Hawaiian Homes Commission Act, 1920,
15 as amended, pursuant to section 1 of this Act.

16 The sum appropriated shall be expended by the department of
17 Hawaiian home lands for the purposes of this Act.

18 SECTION 4. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 5. This Act shall take effect on July 1, 2051.



Report Title:

DHHL; Micro Enterprise Assistance Program; Revolving Fund;
Appropriation

Description:

Establishes the micro enterprise assistance program on Hawaiian home lands revolving fund to provide grants and loans through the implementation by the Department of Hawaiian Home Lands of the micro enterprise assistance program to qualified native Hawaiians, native Hawaiian-controlled homestead associations, homestead association community development corporations, and Native Hawaiian community organizations with a demonstrated ability and history of making and administering loans and providing support to qualified native Hawaiians. Authorizes the Department of Hawaiian Home Lands to enter into a memorandum of agreement with the Department of Business, Economic Development, and Tourism to implement the program. Appropriates funds. Effective 7/1/2051. (HD1)

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