

Honolulu, Hawaii

FEB 05 , 2020

RE: H.B. No. 2585
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Water, Land, & Hawaiian Affairs, to which
was referred H.B. No. 2585 entitled:

"A BILL FOR AN ACT RELATING TO THE OFFICE OF HAWAIIAN
AFFAIRS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Provide that all grants and contracts awarded by the
Office of Hawaiian Affairs (OHA) shall be subject to
approval by its Board of Trustees;
- (2) Establish a Public Land Trust Revenues Negotiating
Committee to determine the increase to the annual amount
of the income and proceeds from the public land trust
that OHA shall receive annually under the state
constitution and other state law;
- (3) Require the Department of Budget and Finance to conduct
a financial review of revenue generated in fiscal year
2018 from the public land trust; and
- (4) Appropriate funds for the financial review.



Your Committee received testimony in support of this measure from one individual. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from the Department of Budget and Finance, University of Hawai'i System, Office of Hawaiian Affairs, and Office of Planning.

Your Committee finds that there has been a longstanding debate over the calculation of OHA's pro rata share of public land trust revenue, with the most recent action resulting in Act 178, Session Laws of Hawaii 2006, which established an annual flat rate payment of \$15,100,000 to OHA, to be paid until further action on the matter was taken by the Legislature. This measure seeks to establish the appropriate pro rata share of revenue for OHA by creating the Public Land Trust Negotiating Committee (Committee) and requiring the Department of Budget and Finance to conduct a financial review of the amounts generated from the public land trust in fiscal year 2018.

Your Committee has amended this measure by:

- (1) Changing the date by which the Committee must submit a status report on its discussions to the Legislature from twenty days prior to the convening of the 2021 Regular Session to twenty days prior to the convening of the 2022 Regular Session;
- (2) Changing the date by which the Committee must submit its recommendations to the Legislature from twenty days prior to the convening of the 2021 Regular Session to twenty days prior to the convening of the 2023 Regular Session;
- (3) Sunsetting the Committee once it accomplishes its purposes or twenty days prior to the convening of the Regular Session of 2023, whichever is sooner;
- (4) Changing the financial review to be conducted by the Department of Budget and Finance from a sole review of fiscal year 2018 to an annual review starting with fiscal year 2018;




- (5) Exempting airport revenues from the definition of "revenue" for the purposes of the financial review;
- (6) Specifying that the State Auditor, or designee, rather than an independent auditor, shall also receive data relating to public land trust lands, revenue derived from those lands, and methodology for determining the revenue and OHA's pro rata share;
- (7) Requiring the Department of Land and Natural Resources to take all necessary steps to assist in the financial review;
- (8) Requiring the Office of Planning to assist and facilitate in the review by acting as a liaison between the Department of Budget and Finance and the affected departments and agencies;
- (9) Appropriating funds to the Office of Planning to carry out the purposes of this measure; provided that no funds shall be made available until the Office of Hawaiian Affairs provides matching trust funds in an unspecified amount;
- (10) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (11) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Water, Land, & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2585, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2585, H.D. 1, and be referred to your Committee on Judiciary.



Respectfully submitted on
behalf of the members of the
Committee on Water, Land, &
Hawaiian Affairs,



RYAN T. YAMANE, Chair



