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OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON JUDICIARY
ON
HOUSE BILL NO. 342, H.D. 1

February 14, 2019
2:05 p.m.
Room 325

RELATING TO THE HAWAII STRATEGIC DEVELOPMENT CORPORATION

House Bill (H.B.) No. 342, H.D. 1: prohibits the Hawaii Strategic Development Corporation (HSDC) from investing in fossil fuel or firearm companies; and creates a sub-account in the HSDC Revolving Fund into which 10% of the moneys earned on investments received pursuant to a venture agreement, received as royalties, or received as premiums or fees charged by HSDC, shall be deposited. The funds deposited into the newly created sub-account shall not be expended by the HSDC.

The department generally does not support the creation of sub-accounts within a revolving fund as the sub-account must also meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining.

In regards to H.B. No. 342, H.D. 1, it is difficult to determine whether the proposed revolving sub-account would be self-sustaining and what the benefits of creating the sub-account are.

In addition, creating a sub-account complicates the management of the revolving fund.

Thank you for your consideration of our comments.

HB-342-HD-1

Submitted on: 2/13/2019 10:57:18 AM

Testimony for JUD on 2/14/2019 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments:



HAWAII
STRATEGIC
DEVELOPMENT
CORPORATION

No. 1 Capitol District Building
250 South Hotel Street
Suite 509
Honolulu, HI 96813
(808) 587-3830

Statement of
Karl Fooks
President

Hawaii Strategic Development Corporation
before the
HOUSE COMMITTEE ON JUDICIARY

Thursday, February 14, 2019
2:05 PM
State Capitol, Conference Room 325

In consideration of
HB342 HD1

RELATING TO THE HAWAII STRATEGIC DEVELOPMENT CORPORATION

Chair Lee, Vice Chair San Buenaventura, and members of the Committee. The Hawaii Strategic Development Corporation (HSDC) provides comments on HB 342 HD1 that prohibits the Hawaii Strategic Development Corporation from investing in fossil fuel or firearm companies and earmarks a portion of the Corporation's profits to the Department of Education.

As stated in its authorizing statute, §211F-2, HRS, the purpose of HSDC is to **provide incentives** and **reduce the risks** of private investment in order to encourage economic development and stimulate private capital investments. HSDC's mission is not to invest with the purpose of generating significant financial returns. HSDC's mission is to invest **strategically** to develop new growth sectors of the economy. These investments characteristically do not generate financial returns over a short time period. Therefore, it is highly unlikely that HSDC can be a reliable and consistent provider of financial resources to the Department of Education.

Furthermore, HSDC must provide for its own operating costs out of the investment returns it does generate. If these resources were diverted to the Department of Education, HSDC would have to request a General Fund appropriation to pay for its operating costs.

HSDC currently does not have any investments in fossil fuel or firearm companies. As HSDC's mission is to invest to strategically grow Hawaii's economy,

HSDC does not anticipate there will be any reason to invest in these types of companies in the future.

Thank you for the opportunity to testify.



The Honorable Chris Lee, Chair
The Honorable Joy A. San Buenaventura, Vice Chair
House Committee on Judiciary

State Capitol, Room 325
Honolulu, Hawaii 96813

HEARING: Thursday, February 14, 2019, at 2:05pm

RE: HB342 HD1 Relating to the Hawaii Strategic Development Corporation

Aloha Members of the Senate Committee,

The Hawaii Firearms Coalition OPPOSES HB342 HD1.

The Hawaii Firearms Coalition opposes this bill due to prohibiting investments in firearms businesses. The "right to keep and bear arms" is a civil right in the US and Hawaii constitutions and is not a second class right. It is an important right that provides protections to the other rights and protects the people of Hawaii. The HSDCH cannot discriminate against firearms businesses. Hawaii has many small businesses in gunsmithing and manufacturing that benefit the economy and provide jobs.

Some of these small businesses provide the arms, ammunition and services to law enforcement, hunters, competitors, recreational shooters, and people using guns in self-defense.

Please remove the prohibition on firearm company investments.

For these reasons the Hawaii Firearms Coalition Opposes HB342 HD1. Thank you for your consideration.

Mahalo

Todd Yukutake
Director, Hawaii Firearms Coalition
PH. (808) 255-3066
Email: todd@gmail.com

To: Chairperson Sylvia Luke
Chairperson Ty J.K. Cullen
Members of the Finance Committee

From: Delylah Pagaduan
Kailua, Hawaii

Date: Thursday, January 31st, 2019

Subject: Support of House of Representatives Bill 342, Relating to the prohibition of Hawaii Strategic Corporation from investing in fossil fuel or firearm companies and the encouragement of investing in Hawaii's Department of Education.

Aloha! My name is Delylah Pagaduan and I am a Senior at Kalaheo High School in Kailua, Oahu. I strongly support this bill, allocating our money into Hawaii's Department of Education rather than fossil fuel and/or firearm companies.

Many schools are struggling not just academically but physically. Academically, Hawaii is one of the worst states and its physical appearance isn't much better. According to the U.S. News & world report, Hawaii is ranked #29 out of the fifty states for education. Meaning, our education is ranked lower than half of the states. Instead of protecting the future for our children and the next, we are supporting companies who believe fossil fuels and fire arms are greater than our learning standards and environment. Our children are the future, what they learn dictates what shall happen , and having a low education will not suffice in this ever changing world. Furthermore, there won't be a future left for us or the next generations if we continue to promote fossil fuels that damage our environment.

Hawai'i is one of them most ideal places to travel to but not without a cost to the environment. Fossil fuels create land degradation, various forms of pollution, and ocean acidification. The plane and car emissions, the overpopulation, the amount of plastic, it's

enough to quite literally kill our native species. However, we have a chance to cut back on fossil fuels and use our money on something much greater than the damage of our land. Since we depend on tourism as a main source of income, we should make other efforts to help our state such as restricting money from fossil fuels and putting it towards our education system.

Thank you for listening, please take this into consideration and support HB 342.

HB-342-HD-1

Submitted on: 2/12/2019 3:14:19 PM

Testimony for JUD on 2/14/2019 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Marcia Kimura	Individual	Support	No

Comments:

I support this measure because I am opposed to the HSDC's or any other organization's or individual's contribution to firearms production which exacerbates the problems of gun violence in this country.

HB-342-HD-1

Submitted on: 2/12/2019 10:47:09 PM

Testimony for JUD on 2/14/2019 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Gerard Silva	Individual	Oppose	No

Comments:

The State is starting to to sound more and more like a Dictator on who you can invest in or not. The State has NO say in who you would want to invest in and they should stay Out of the way. This is the things that are dragging this State down!!!

HB-342-HD-1

Submitted on: 2/13/2019 8:24:07 AM

Testimony for JUD on 2/14/2019 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Kacatin	Individual	Oppose	No

Comments:

I oppose this measure as government interference in private industry remains a detrimental obstacle for growth in the private sector. Controlling who can invest into any industry continues a problematic precedence that government curbs growth in the free market.

HB-342-HD-1

Submitted on: 2/13/2019 8:25:01 AM

Testimony for JUD on 2/14/2019 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
steven a kumasaka	Individual	Oppose	No

Comments:

oppose

HB-342-HD-1

Submitted on: 2/13/2019 9:32:32 AM

Testimony for JUD on 2/14/2019 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Marcus Tanaka	Individual	Oppose	No

Comments:

I have no clue why firearms are even included into this bill. There is nothing wrong with investing into federally and state legal firearms companies. In fact I'm willing to be the state has invested ZERO in any firearm company. So this bills purpose is to further give the false narrative that legal gun owners are bad.

There is also nothing wrong with fossil fuels. We use it on a daily basis. Maybe if the Jones act was deleted, we would get even cheaper gas direct from the middle east. Right now all the tankers have to doc in CA and pass Hawaii along the way due to the Jones act. Then the west coast sends the fuels here. So more people have to get paid to do so.



Institute for Rational and Evidence-based Legislation

P. O. Box 41

Mountain View, Hawaii 96771

February 13, 2019

COMMITTEE ON JUDICIARY

Re: HB342

To be heard: February 14, 2019

Chair, Vice Chair, and Members,

Please vote NO to defer HB342.

The rationale prelude to the bill itself reads "The legislature also finds that public resources should not support firearms and fossil fuels companies in [sic] those industries significantly contribute to the deterioration of the world's political, social, and environmental well-being."

Aside from the grammatical incompetence demonstrated in the above sentence there also exists another problem: a completely warrantless opinion for which there are no facts to substantiate the ignorant hyperbole.

For example, in the United States firearms are used far more frequently to save lives and/or stop crime than they are used to commit criminal acts. In addition they are used for various forms of recreation in which no individuals are harmed, much less harm to the political, social, and environment "well-being".

Just because some hoplophobes in the legislature want to single out guns (and "fossil fuels") is no reason to do so. Because there is no reason to do so. There is no evidence that warrants such an act.

If you want to stop investing in harmful things you'd be far better served to stop investing in pharmaceutical companies and (doctors and nurses in) hospitals, all of whom kill far far more people annually than gun companies and "fossil fuel" companies could kill even if they made a concerted effort to do so.

Besides those points is the fact that Karl Fooks, President, Hawaii Strategic Development Corporation has previously testified:

“HSDC currently does not have any investments in fossil fuel or firearm companies. As HSDC’s mission is to invest to strategically grow Hawaii’s economy, HAWAII STRATEGIC DEVELOPMENT CORPORATION (HSDC) does not anticipate there will be any reason to invest in these type of companies in the future.”

Please stop wasting taxpayer money and time proposing and considering bills that have no relevance nor application to the actual facts of the real world.

Vote NO on HB342.

Thank you,

George Pace

HB-342-HD-1

Submitted on: 2/13/2019 9:44:27 AM

Testimony for JUD on 2/14/2019 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Maricaela	Individual	Support	No

Comments:

February 13, 2019

To: Representative Chris Lee, Chair

Representative Joy A. San Buenaventura, Vice Chair

Committee on Judiciary

From: Maricaela Lobaton

Subject: Support of House Bill 342, Relating to the Hawaii Strategic Development Corporation

Aloha! My name is Maricaela Lobaton and I am a resident of Oahu. I attend school at Kalaheo High in the Windward district, and I would like to speak for Bill HB342. Bill HB342 states that Hawaii based companies will invest into the Department of Education rather than fossil fuel and gun companies. I believe bill HB342 should be passed because it helps to decrease the use of guns and fossil fuels as well as put more money towards education. This bill is needed because why should the money be invested into fossil fuels and gun companies? Companies such as those do not help our planet or the residents on Earth as much as education. Fossil fuels may be important for energy but at the rate we are going with the excessive use of fossil fuels, but according to the PBMC website, we have 12 years before climate change becomes catastrophic. Something must be done about this routine or else the future generations will not have a planet to live on.

Although the fossil fuels may not seem that important because it's a problem for the future, there is something else that is killing us in the present: mass shootings. In the past year, more people have died in mass shootings than soldiers in war. As stated in the BBC website, there were 23 mass shootings in schools last year, and 113 people have been killed or injured in these shootings. On average, there was a school shooting once every eight school days in 2018. School is supposed to be a safe place for us to learn, but these shootings are instead making it a dangerous place. Of course, there are important reasons to why we need fossil fuel and gun companies. We use fossil fuels to heat our homes and run our cars while we use guns to protect ourselves or go hunting. These companies will not be completely shut down; Hawaii based companies will just not be investing in them anymore. If they do indeed end up getting shut down because the loss of these investments, I believe we should be concerned on how much Hawaii based companies must have been investing into fossil fuels and guns.

In addition, the money would be going to a better cause: our children. The money would be invested into our kids instead of into things that kill them. Additional money would be beneficial to the Department of Education which could result in better classes, no teacher shortages, and be able to do more things within our schools. Not to mention, better education could help us find an eco-friendly replacement for fossil fuels which results in us not having to worry about global warming as much as well as be altogether better for the environment.

Thank you for your time and consideration of this bill. I truly hope that you will support HB342.

HB-342-HD-1

Submitted on: 2/13/2019 2:36:44 PM

Testimony for JUD on 2/14/2019 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Hechtman	Individual	Oppose	No

Comments:

I strongly oppose this bill.

The Hawaii strategic development corporation should be able to invest in firearm and fossil fuel companies as they see fit.

Thank You, Robert Hechtman

HB-342-HD-1

Submitted on: 2/13/2019 1:17:02 PM

Testimony for JUD on 2/14/2019 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
mitchell weber	Individual	Oppose	No

Comments:

I OPPOSE HB342, This is a nonexistent issue in our state. How many fossil fuel and firearms manufacturing companies reside in Hawaii? This is just another virtue signaling attempt to hurt the Second Amendment community and help the green energy companies that push an unobtainable(innevective) agenda. Wind and solar energy lobbying in Hawaii has lead to the loss of valuable land availability and the killing of native bird species.

LATE

HB-342-HD-1

Submitted on: 2/13/2019 5:04:29 PM

Testimony for JUD on 2/14/2019 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Quentin Kealoha	Individual	Oppose	No

Comments:

I oppose HB342.

LATE

HB-342-HD-1

Submitted on: 2/13/2019 9:56:37 PM

Testimony for JUD on 2/14/2019 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Brendon Heal	Individual	Oppose	No

Comments:

Adding to these provisions preventing investment in legitimate business is just bad for the economy of Hawaii that is on a downward near almost unrecoverable spiral.

Do something to fix Hawaii, not hurt it.

LATE

HB-342-HD-1

Submitted on: 2/13/2019 8:05:36 PM

Testimony for JUD on 2/14/2019 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joel Berg	Individual	Oppose	No

Comments:

LATE

HB-342-HD-1

Submitted on: 2/13/2019 11:49:22 PM
Testimony for JUD on 2/14/2019 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Fred Delosantos	Individual	Oppose	No

Comments:

I oppose HB342. This sounds like it's becoming a Social Justice fund whereas the goal should be to encourage Hawaii small business growth, regardless of today's Social Justice viewpoint. This represents the start of Social Justice encroachment against sound business practices. Each year will bring new SJW-du-jour amendments. Next thing you know, Hawaii will only allow investment in Colin Kaepernick approved business startups, or LGBT bakeries. Business should focus on business sense, and creating job opportunities for Hawaii citizens. Oppose.

HB-342-HD-1

Submitted on: 2/14/2019 10:00:40 AM

Testimony for JUD on 2/14/2019 2:05:00 PM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Isabella Gipson	Individual	Support	No

Comments:

February 14, 2019

To: Representative Chris Lee, Chair

Representative Joy A. San Buenaventura, Vice Chair

Members of the Judiciary Committee

From: Isabella S. Gipson

Subject: Support of House Bill Relating to the Hawai'i Strategic Development Corporation

Aloha! My name is Isabella Gipson, and I am currently a junior at Kalaheo High School. I am here to hope that you will support House Bill 342, as I strongly agree with this bill. Fossil fuel companies, according to Oil Change International, make \$257 billion dollars. If Hawai'i were to stop supporting them, that money that they provide can go to our educational systems to make them better for the kids. The same goes with Firearm companies, like the National Rifle Association, or the NRA.

On average, the Hawai'i schools rank 29, according to U.S. News & World Reports. If the money that goes to the Firearm and Fossil fuel companies go to our educational system, we could go higher up in ranks and be a better state known for education.

I really hope you consider this bill and choose to support it. It could greatly benefit not only the kids of Hawai'i but also our environment. Thank you.

LATE

HB-342-HD-1

Submitted on: 2/14/2019 10:17:24 AM

Testimony for JUD on 2/14/2019 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Karina Maciel	Individual	Support	No

Comments:

February 14, 2019

To: Representative Sylvia Luke, Chair

Representative Ty J.K. Cullen, Vice Chair

Members of the House Finance Committee

From: Karina Maciel

Subject: Support of House Bill 342, Relating to The Hawaii Strategic Development Corporation

Aloha! My name is Karina Maciel and I am a sophomore at Kalaheo High School. I strongly believe in HB 342 and would like to ask for your support. I urge you to vote in favor of passing this bill because a reduction in the funding of the fossil fuel and firearm industry will benefit both the environment and educational systems of Hawaii.

A 2018 UN Climate Report has said that we have 12 years before climate change seriously damage the planet. Climate change is significantly worse than it was years ago, largely because of our increasing use of fossil fuels. Companies like the Hawaii Strategic Development Corporation invest into fossil fuel corporations, but these investments are destroying our environment. That is why HB 342 should pass. HB 342 would mandate that the HDSC reduce their investments in

fossil fuel companies, and instead start putting money towards the Department of Education. Increased funding in education would benefit all the students in the state of Hawaii.

If HB 342 passed, it would also require the Hawaii Strategic Development Corporation to reduce its funding in the firearm industry. Nearly 40,000 deaths were caused by gun violence in the US in 2018. This number can be lowered significantly if investments in the firearm industry are revoked. So not only would HB 342 benefit the environment and public schools in Hawaii, it would also help to lower gun violence by reducing funding for the firearm industry.

If HB 342 is passed, the benefits will be tremendous. The effects of fossil fuels and gun violence in Hawaii will decrease, and Hawaii will become a leader in sustainable energy and gun safety laws. Not only that, but our educational system will benefit from increased funding from the HSDC. Please help pass this bill and take action to help the people of Hawaii. Thank you for your time and consideration.

Sincerely,

Karina Maciel