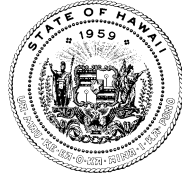


DAVID Y. IGE
GOVERNOR
STATE OF HAWAII

JOSH GREEN
LT. GOVERNOR
STATE OF HAWAII



WILLIAM J. AILA, JR.
CHAIRMAN
HAWAIIAN HOMES COMMISSION

TYLER I. GOMES
DEPUTY TO THE CHAIRMAN

**STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS**

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF WILLIAM J. AILA, JR, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEE ON WATER, LAND, & HAWAIIAN AFFAIRS
HEARING ON MARCH 11, 2020 AT 9:00AM IN CR 325

SB 2265, SD2 RELATING TO HAWAIIAN HOMELANDS

March 9, 2020

Aloha Chair Yamane, Vice Chair Todd, and members of the Committee:

Thank you for the opportunity to submit testimony on SB2265, SD2. This bill 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 (DHHL) 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 and authorizes DHHL to enter into a memorandum of agreement with DBEDT to implement the program. DHHL supports this measure as long as it doesn't affect the priorities identified in the Governor's Supplemental Budget request.

Thank you for your consideration of our testimony.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON WATER, LAND, & HAWAIIAN AFFAIRS

Wednesday, March 11, 2020
9:00 AM
State Capitol, Conference Room 325

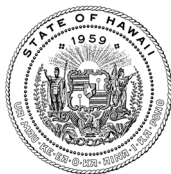
In consideration of
SB 2265, SD2
RELATING TO HAWAIIAN HOMELANDS

Chair Yamane, Vice Chair Todd and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports SB 2265, SD2, which establishes a micro enterprise assistance program in the Hawaiian Homelands revolving fund to be implemented within and administered by the Department of Hawaiian Homelands (DHHL), provided that this bill does not adversely impact priorities as indicated in our Executive Biennium Budget. DBEDT would be pleased to provide assistance, within its capabilities, to support this project.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON WATER, LAND, AND HAWAIIAN AFFAIRS
ON
SENATE BILL NO. 2265, S.D. 2

March 11, 2020
9:00 a.m.
Room 325

RELATING TO HAWAIIAN HOMELANDS

The Department of Budget and Finance offers comments on Senate Bill (S.B.) No. 2265, S.D. 2.

S.B. No. 2265, S.D. 2, establishes the Micro Enterprise Assistance Program (MEAP) on Hawaiian Home Lands Revolving Fund; and appropriates unspecified amounts of general funds and revolving funds in FY 21 for loans and grants to assist recipients with establishing independently-owned businesses through the MEAP. The proposed revolving fund would generate revenues through legislative appropriations, federal grants and subsidies, private investments, and voluntary contributions; and be administered by the Department of Hawaiian Home Lands.

As a matter of general policy, the department does not support the creation of any revolving fund which does not 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 S.B. No. 2265, S.D. 2, it is difficult to determine whether the proposed revolving fund would be self-sustaining.

Thank you for your consideration of our comments.

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Kenneth R. Conklin, Ph.D. Executive Director
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Unity, Equality, Aloha for all



To: HOUSE COMMITTEE ON WATER, LAND, & HAWAIIAN AFFAIRS

For hearing Wednesday, March 11, 2020

Re: SB 2265, SD2 RELATING TO HAWAIIAN HOMELANDS.

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 7/1/2050. (SD2)

TESTIMONY IN OPPOSITION

This bill would establish a "micro enterprise assistance program" for DHHL beneficiaries or their associations or corporations. Presumably it refers to providing small grants or loans to small businesses.

Microloans as pioneered in Asia at first seemed like a wonderful idea, until they led to severe economic and personal crises for recipients.

In 2006 the Nobel Peace Prize was awarded to Muhammad Yunus and the Grameen Bank which he founded, for their creativity in setting up a program of very small loans to individual entrepreneurs, mostly female, in underdeveloped Asian countries afflicted with severe poverty. The recipients used the money to buy equipment and supplies to start up new companies, mostly in their own homes, where they might spin yarn, make clothing, etc. There were several million recipients who were almost all successful, repaid the loans in tiny weekly payments to local collectors who came to their doors, and often grew their businesses by reinvesting profits or taking out additional loans.

But as years went by problems emerged, as reported in "The Economist" weekly magazine dated August 15, 2019. "In parts of Sri Lanka's north and east, some women keep track of their microloans by the day of the week the collectors come. Others identify the lenders by the colours of their collectors' shirts. Monday loan blue shirt, Tuesday loan yellow shirt: small, unsecured loans promoted by the government after the decades-long civil war ended in 2009 have enmeshed many women in hopeless debt. A central-bank official says his employees have talked desperate borrowers out of killing themselves. At least 170 committed suicide last year. Nalani Wickremesinghe, from Baduraliya in the south, has taken loans from 11 companies ... The first was to pay for her husband's medical treatment. Then he fell at his workplace and is still bedridden. She has borrowed 500,000-600,000 rupees (\$2,800-3,400) in total ... She has already pawned, and lost, her gold jewellery. Struggling to feed her family, she has little option but to borrow again ..."

It's a shame this bill is so poorly written that readers have no way to know whether microloans as pioneered by Muhammad Yunus are actually being proposed for DHHL communities, nor whether the social disasters described in "The Economist" article might then afflict communities in Hawaii.

One element of this bill is totally unacceptable. Section 2 appropriates money for this program from the state general fund. But under terms of the bill all the recipients must be native Hawaiians, or homeowner associations or companies owned by native Hawaiians. Despite the long history of Hawaii providing tax dollars to racially exclusionary groups, such programs are unconstitutional under the 14th Amendment Equal Protection clause.

But even if it were OK to have government-sponsored racial entitlements, let's remember that the Office of Hawaiian Affairs has more than \$650,000,000 in assets hoarded over the years, and it's long past time to spend that money for the purposes that it was set aside to serve. OHA, not the taxpayers, should pay for this program.

SB-2265-SD-2

Submitted on: 3/10/2020 8:59:55 AM

Testimony for WLH on 3/11/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Kahikina	Association of Hawaiians for Hawaiian Lands (AHHL)	Support	No

Comments:

SB 2265 Aloha Kakou Mike Kahikina in support of this bill that was introduced last session by Rep. Luke and went to conference but Senate did not appoint any conferees and I'm so glad the Senate decided to reintroduce the measure and I pray it gets approved this session and signed into law by the Governor of the State of Hawaii as part of the legal obligations authorized by the United States Congressional enactment of the Hawaiian Homes Commission Act 1920, as amended 1921 introduced by Hawaii's Delegate to Congress Prince Jonah Kalaniana'ole Kuhio. For 100 years native Hawaiian beneficiaries had no access to their trust lands or capitol for the successful assimilation as American citizens and like the native Americans and Alaskans federal legal status in the Indian Reorganization Act 1934, the legal and self-governing status of native Americans and Alaskans, without any state control or involvement in their affairs! So for here in Hawaii history is made by the approval of thus measure and fulfillment of a 100 years old obligation or promise made to the Hawaiian people? Chair Oahu Mike Kahikina, Association of Hawaiians for Home Lands (AHHL) In SUPPORT!

SB-2265-SD-2

Submitted on: 3/9/2020 9:39:16 PM

Testimony for WLH on 3/11/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Leimomi Khan	Democratic Party of Hawaii, Hawaiian Affairs Caucu	Support	No

Comments:

The Hawaiian Affairs Caucus of the Democratic Party of Hawaii fully supports this new Micro Enterprise Assistance Program to assist the Hawaiian Homes Commission Act homestead associations with community economic development throughout the State of Hawai'i.

Respectfully submitted, Leimomi Khan, Chair, Hawaiian Affairs Caucus

SB-2265-SD-2

Submitted on: 3/9/2020 9:41:46 PM

Testimony for WLH on 3/11/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Don Aweau	Individual	Support	No

Comments:

In support of bill and urge committee members to pass bill on its merits.

Mahalo nui loa.

SB-2265-SD-2

Submitted on: 3/9/2020 11:34:55 AM

Testimony for WLH on 3/11/2020 9:00:00 AM

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

Comments:

SB-2265-SD-2

Submitted on: 3/10/2020 1:35:41 PM

Testimony for WLH on 3/11/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Marlene Kamuela Purdy	Individual	Support	No

Comments:

As a beneficiary of the HHC Act 1920, I totally support SB2265 SD2.

Mahalo!

LATE

SB-2265-SD-2

Submitted on: 3/10/2020 4:01:07 PM

Testimony for WLH on 3/11/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Karen Thatcher	Individual	Support	No

Comments: