



**Testimony to the House Committee on Economic Development
Friday, February 5, 2021; 9:30 a.m.
State Capitol, Conference Room 312
Via Videoconference**

RE: HOUSE BILL NO. 1175, RELATING TO THE COMMUNITY-BASED ECONOMIC DEVELOPMENT PROGRAM.

Chair Quinlan, Vice Chair Holt, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** House Bill No. 1175, RELATING TO THE COMMUNITY-BASED ECONOMIC DEVELOPMENT PROGRAM.

The bill, as received by your Committee, would establish the Micro Enterprise Assistance Program on Hawaiian Home Lands Revolving Fund (Fund) to provide grants and loans to qualified native Hawaiians, native Hawaiian-controlled homestead associations, and Hawaiian homestead associations' designated tax exempt community development corporations. This bill would also appropriate an unspecified amount of general funds for fiscal year 2021-2022 and the same amount for fiscal year 2022-2023, to facilitate the purposes of the Fund.

By way of background, the HPCA represents Hawaii Federally-Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

The COVID-19 pandemic has severely threatened the health and welfare of our citizens, especially Hawaii's underprivileged and rural communities. With so many people unemployed, entire families are struggling to put food on the table on a consistent basis. All one needs to do is visit one of our member FQHC's food distribution events and see the line of cars stretch for miles and people wait for hours to receive some surplus food. It is shocking yet uplifting to see that people do care for their fellow citizens.

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The only way for us to protect ourselves from the next global pandemic is for Hawaii to diversify its economic base and become more self-sufficient. And for us to do that, we need to support entrepreneurial efforts in underprivileged communities.

We urge your favorable consideration of this bill.

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiiipca.net.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
MIKE MCCARTNEY
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

Friday, February 5, 2021
9:30 AM
State Capitol, Conference Room 312

In consideration of
HB1175
RELATING TO THE COMMUNITY-BASED ECONOMIC DEVELOPMENT PROGRAM.

Chair Quinlan, Vice Chair Holt and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) offers comments on HB1175 that establishes the micro enterprise assistance program on Hawaiian home lands revolving fund to provide grants and loans through the implementation of the micro enterprise assistance program to qualified native Hawaiians, native Hawaiian-controlled homestead associations, and homestead association community development corporations.

It should be noted that:

1. DBEDT does not make grants or loans to individuals for non-economic development projects.
2. DBEDT does not have loan officers and would have to contract out the work. Administrative fees would have to be assessed to the revolving fund.
3. DBEDT feels that there may be other agencies better suited to handle this program.
4. This bill may adversely impact priorities as indicated in our Executive Biennium Budget.

Thank you for the opportunity to testify.



**WRITTEN TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-FIRST LEGISLATURE, 2021**

ON THE FOLLOWING MEASURE:

H.B. NO. 1175, RELATING TO THE COMMUNITY-BASED ECONOMIC DEVELOPMENT PROGRAM.

BEFORE THE:

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

DATE: Friday, February 5, 2021

TIME: 9:30 a.m.

LOCATION: State Capitol, Via Videoconference

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**

(For more information, contact Ryan K. P. Kanaka'ole,
Deputy Attorney General, at 808-587-2978)

Chair Quinlan and Members of the Committee:

The Department of the Attorney General provides the following comments on this bill.

The bill would establish and appropriate funds for a "micro enterprise assistance program" to issue grants and loans to qualified native Hawaiians, native Hawaiian-controlled homestead associations, and tax-exempt community development corporations of Hawaiian homestead associations. The bill proposes to accomplish this by creating a revolving fund in chapter 210D, Hawaii Revised Statutes (HRS), and making appropriations to that fund.

Chapter 210D, HRS, governs the Community-Based Economic Development (CBED) grant and loan program, which is administered by the Department of Business, Economic Development, and Tourism (DBEDT). The CBED grant and loan program cannot be administered on the basis of race. Under the Equal Protection clauses of article 1, section 5, of the Hawai'i Constitution and the Fourteenth Amendment of the United States Constitution, the CBED program may not be restricted to recipients of a particular race. In addition, section 210D-11(a)(3), HRS, prohibits CBED grant applicants from discriminating against persons on the basis of race or other characteristics protected under federal or state law.

To remedy these constitutional and statutory concerns, we suggest codifying the program and revolving fund in the Hawaiian Homes Commission Act of 1920, rather than chapter 210D, HRS. If codified within the Hawaiian Homes Commission Act of 1920, the Department of Hawaiian Homelands would be the recipient of the appropriation and responsible for carrying out the purposes of the bill. This would require finding another bill for this purpose, however, as the bill's title is "Relating to the Community-Based Economic Development Program," and article III, section 14, of the Hawai'i Constitution requires that "each law shall embrace but one subject, which shall be expressed in its title."

Finally, references to "title XII" of the Hawai'i Constitution on page 2, lines 2 and 7, of this bill should be changed to "article XII."

Thank you for the opportunity to provide these comments.

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**

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TESTIMONY OF WILLIAM J. AILA, JR, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
HEARING ON FEBRUARY 5, 2021 AT 9:30AM VIA VIDEOCONFERENCE

**HB 1175, RELATING TO THE COMMUNITY-BASED ECONOMIC DEVELOPMENT
PROGRAM**

February 5, 2021

Aloha Chair Quinlan, Vice Chair Holt, and members of the Committee:

The Department of Hawaiian Home Lands (DHHL) submits comments on this bill that establishes the micro enterprise assistance program on Hawaiian home lands revolving fund to provide grants and loans through the implementation of the micro enterprise assistance program to qualified native Hawaiians, native Hawaiian-controlled homestead associations, and homestead association community development corporations.

The Department appreciates the overall motivation behind this measure, which seeks to provide grants and loans to deliver the micro enterprise assistance program on Hawaiian Home Lands. The Department of the Attorney General (AG) submitted testimony on a similar measure in prior years and while this bill has been revised to address some of the concerns raised by the AG, it may be more appropriate to amend section 213 of the Hawaiian Homes Commission Act to establish this revolving fund rather than section 210D of the Hawaii Revised Statutes, which pertains to community-based development.

This Committee may also want to consider the language inserted in the House Draft 1 version of the bill submitted in a prior year that includes "Native Hawaiian community organizations with a demonstrated ability and history of making and administering loans and providing support to qualified native Hawaiians as defined by the Hawaiian Homes Commission Act of 1920" as a recipient of the micro enterprise assistance program. Additionally, given the title of this bill, this Committee may want to consider renaming the micro enterprise assistance program to the community-based economic development program.

Thank you for your consideration of our testimony.