



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

TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON HAWAIIAN AFFAIRS AND
GOVERNMENT OPERATIONS
ON
SENATE BILL NO. 2594

February 1, 2022
1:00 p.m.
Via Videoconference

RELATING TO PUBLIC LAND TRUST FUNDS

The Department of Budget and Finance (B&F) offers comments on Senate Bill (S.B.) No. 2594.

S.B. No. 2594 proposes the following:

- Establishes a permanent revenue stream for the Department of Hawaiian Home Lands (DHHL) from the Public Land Trust by requiring all departments and agencies to transfer 20 per cent of **each receipt they collect** for the **use, sale, lease, or other disposition** of the lands of the Public Land Trust, unless precluded by federal law, to DHHL in a manner similar to transfers of Public Land Trust receipts to the Office of Hawaiian Affairs (OHA) beginning in FY 23, and provides that if DHHL refuses the transfers, then the transfers go to OHA;
- Sets a minimum amount of receipts to be transferred to DHHL each quarter of \$3,775,000;
- Requires that if the total of the 20 per cent of total receipts collected by all State departments and agencies transferred to DHHL for any fiscal quarter is less than \$3,775,000, the Director of Finance is to ensure that within ten days of the discovery of the shortfall, an amount equal to the shortfall be transferred to DHHL or OHA;

- Requires B&F to transfer all funds currently held in the carry-forward trust holding account established pursuant to Executive Order (E.O.) No. 06-06 for payments to OHA in excess of \$15.1 million per year for FYs 13, 14, 15, 16, 17, 18, 19, 20, and 21, plus any overpayment moneys OHA transfers to the carry-forward trust holding account for FY 22 or FY 23, to DHHL;
- Establishes a Public Land Trust Revenues Negotiating Committee (PLTRNC) consisting of the President of the Senate or the President's designee, the Speaker of the House of Representatives or the Speaker's designee, the Governor or the Governor's designee, the Chairperson of OHA or the Chairperson's designee, and the Chairperson of the Hawaiian Homes Commission or the Chairperson's designee, for the purpose of resolving the amount of income and proceeds from the Public Land Trust that DHHL or OHA is to receive annually under the State Constitution and any other State law; and
- Requires PLTRNC to submit a status report on the progress of its discussions to the Legislature no later than 20 days prior to the convening of the regular session of 2023, and to submit a final report containing its findings and recommendations, including any proposed legislation, to the Legislature no later than 20 days prior to the convening of the regular session of 2024.

B&F would like to point out several concerns with S.B. No. 2594. First, it is unclear if this bill would: a) replace ceded land payments to OHA with ceded land payments to DHHL; or b) double the required transfers that departments and agencies must make from ceded land revenues. If the bill replaces ceded land payments to OHA, then there is a question as to whether the State is complying with Article XII, Section 6, of the Hawai'i State Constitution. If the bill imposes a second pro rata ceded land assessment, then affected departments would be transferring 40 per cent of **each receipt they collect** for the **use, sale, lease, or other disposition** of the lands of the Public Land Trust – 20 per cent to OHA and 20 per cent to DHHL. This would leave only 60 per cent of revenues for operations of the affected programs, which could result

in cost-cutting measures that have significant adverse impacts on program service levels and/or result in significant increases in fees and charges to Hawai'i residents who utilize the programs' services. However, if there are fixed land leases or other contractual obligations that would restrict passing on the additional 20 per cent payment or limit program cost-cutting measures, then the general fund may have to make up program revenue shortfalls due to new ceded land payments to DHHL.

Second, this bill does not provide a framework for administering the transfer of ceded land payments to DHHL. Unlike Act 178, which authorizes administering the OHA ceded land payment process through an E.O., this bill is silent and appears to presume that a process comparable to Act 178 will be established.

Third, regarding Section 3 of the bill, which transfers funds from the carry-forward trust holding account to DHHL, B&F notes that the holding account under E.O. No. 06-06 was established for the purpose of ensuring OHA receives its annual share from the Public Land Trust set by Act 178. If amounts in the holding account are transferred to DHHL, there will be no contingency funds to meet the minimum \$3,775,000 quarterly payment established by Act 178. Having sufficient funds in the holding account to make the minimum payment requirement is especially important due to the financial strain caused by the COVID-19 pandemic, which has had a negative impact on the ability of State agencies to collect revenue and may in turn result in insufficient sums to meet the minimum quarterly payment.

Thank you for your consideration of our comments.

OFFICE OF INFORMATION PRACTICES

STATE OF HAWAII
NO. 1 CAPITOL DISTRICT BUILDING
250 SOUTH HOTEL STREET, SUITE 107
HONOLULU, HAWAII 96813
TELEPHONE: 808-586-1400 FAX: 808-586-1412
EMAIL: oip@hawaii.gov

To: Senate Committees on Hawaiian Affairs and on Government Operations

From: Cheryl Kakazu Park, Director

Date: February 1, 2022, 1:00 p.m.
State Capitol, Via Videoconference

Re: Testimony on S.B. No. 2594
Relating to Public Land Trust Funds

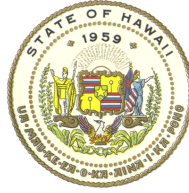
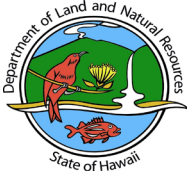
Thank you for the opportunity to submit testimony on this bill, which would, among other things, establish a four-member Public Land Trust Revenues Negotiating Committee, consisting of a representative each from the Senate, the House, the Governor, and the Office of Hawaiian Affairs. The Office of Information Practices (OIP) takes no position regarding the substance of this bill, but offers a **technical amendment and comments** regarding the Committee's exemption from chapter 92, HRS, at bill page 13, lines 10-11.

First, as a technical note, the Sunshine Law makes up only part I of chapter 92, HRS. The remainder of the chapter includes miscellaneous provisions relating to records, fees, political subdivision of the State, and neighborhood boards. Thus, an exemption from the Sunshine Law, which was presumably the intent, should specifically state that the Committee is exempt from part I of chapter 92, rather than the entire chapter.

Second, OIP recommends that the purpose clause for this bill include an explanation of why the Legislature finds a complete Sunshine Law exemption warranted for this Committee. OIP recognizes the sensitive nature of the anticipated negotiations, but given the high public interest in this topic, it would be best for the Legislature to acknowledge and state its apparent conclusion that the sensitivity of the negotiations precludes public participation in the process. Another version of this measure, S.B. 2021, includes such purpose clause language in its purpose clause on page 8.

Thank you for considering OIP's testimony.

DAVID Y. IGE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the Senate Committees on
HAWAIIAN AFFAIRS
and
GOVERNMENT OPERATIONS**

**Tuesday, February 1, 2022
1:00 PM
State Capitol, Via Videoconference**

**In consideration of
SENATE BILL 2594
RELATING TO PUBLIC LAND TRUST FUNDS**

Senate Bill 2594 proposes to: (1) Require agencies that collect receipts for any disposition of the public land trust shall each fiscal quarter transfer to the Department of Hawaiian Home Lands (DHHL) or the Office of Hawaiian Affairs (OHA) twenty per cent of each receipt from the disposition; (2) Require the return of certain moneys previously claimed as public land trust overpayments to OHA; and (3) Establish a public land trust revenues negotiating committee. **The Department of Land and Natural Resources (Department) opposes this measure.**

The Department opposes paying DHHL or OHA any additional funds from ceded lands above the fixed annual payment of \$15.1 million currently paid to OHA, as established by legislative mandate via Act 178, Session Laws of Hawaii 2006, regardless of which agency actually receives the funds. The Department notes that DHHL is already entitled to thirty percent of receipts collected from the leasing of lands cultivated as sugar cane lands and water licenses pursuant to Article XII, Section I of the Hawaii State Constitution. If the Department were obligated to pay additional revenue to either DHHL or OHA, it would abrogate the Department's ability to adequately fund its natural, cultural, historical and recreational resource management and protection programs. In addition, the severe detrimental economic impact resulting from the ongoing COVID pandemic either already has significantly constrained, or will significantly constrain the ability of State agencies, including the Department, to generate income from the public land trust, further diminishing natural and cultural resource protection. The Department estimates the immediate impact of the bill if passed is a shortfall of payments to DHHL or OHA in the amount of about \$26 million that will need to be made up by the State, in addition to the current \$15.1 million annual payment to OHA. Given that the Department generates a significant portion of total ceded land revenues, this measure would have a disproportionate and severely detrimental impact on the Department.

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

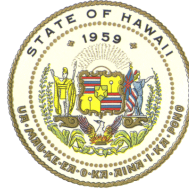
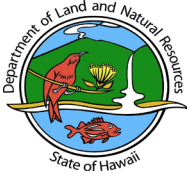
M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

The revenues collected by the Department's Land Division cover the entire annual operating budget for the Land Division, the Department's Office of Conservation and Coastal Lands, and the Dam Safety and Mineral Resources Programs of the Department. The revenues fund over 80 Department staff positions, including 5 positions within the Commission on Water Resource Management, and provide funding support to the Division of State Parks and various resource protection programs administered by the Division of Forestry and Wildlife such as the protection of threatened and endangered species, removal of invasive species, wildland firefighting and lifeguard services. Revenues collected by other divisions have supported watershed protection, preservation of cultural and historical sites and public recreational resources. In addition, the Department has provided lands to other agencies in support of a variety of agricultural, educational, transportation and affordable housing projects, often at the expense of generating revenue to support its own programs. These collective efforts have contributed significantly to the betterment of native Hawaiians as well as the general public, in excess of the revenues paid to DHHL and OHA. It is also fair for DHHL and OHA to share in the sacrifice made by the State and its citizens during this time, especially when other critical public services face potentially severe budget reductions.

Thank you for the opportunity to comment on this measure.

DAVID Y. IGE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the Senate Committees on
HAWAIIAN AFFAIRS
and
GOVERNMENT OPERATIONS**

**Tuesday, February 1, 2022
1:00 PM
State Capitol, Via Videoconference**

**In consideration of
SENATE BILL 2594
RELATING TO PUBLIC LAND TRUST FUNDS**

Senate Bill 2594 proposes to: (1) Require agencies that collect receipts for any disposition of the public land trust shall each fiscal quarter transfer to the Department of Hawaiian Home Lands (DHHL) or the Office of Hawaiian Affairs (OHA) twenty per cent of each receipt from the disposition; (2) Require the return of certain moneys previously claimed as public land trust overpayments to OHA; and (3) Establish a public land trust revenues negotiating committee. **The Department of Land and Natural Resources (Department) opposes this measure.**

The Department opposes paying DHHL or OHA any additional funds from ceded lands above the fixed annual payment of \$15.1 million currently paid to OHA, as established by legislative mandate via Act 178, Session Laws of Hawaii 2006, regardless of which agency actually receives the funds. The Department notes that DHHL is already entitled to thirty percent of receipts collected from the leasing of lands cultivated as sugar cane lands and water licenses pursuant to Article XII, Section I of the Hawaii State Constitution. If the Department were obligated to pay additional revenue to either DHHL or OHA, it would abrogate the Department's ability to adequately fund its natural, cultural, historical and recreational resource management and protection programs. In addition, the severe detrimental economic impact resulting from the ongoing COVID pandemic either already has significantly constrained, or will significantly constrain the ability of State agencies, including the Department, to generate income from the public land trust, further diminishing natural and cultural resource protection. The Department estimates the immediate impact of the bill if passed is a shortfall of payments to DHHL or OHA in the amount of about \$26 million that will need to be made up by the State, in addition to the current \$15.1 million annual payment to OHA. Given that the Department generates a significant portion of total ceded land revenues, this measure would have a disproportionate and severely detrimental impact on the Department.

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

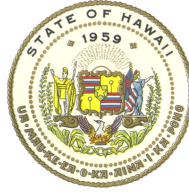
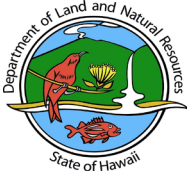
M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

The revenues collected by the Department's Land Division cover the entire annual operating budget for the Land Division, the Department's Office of Conservation and Coastal Lands, and the Dam Safety and Mineral Resources Programs of the Department. The revenues fund over 80 Department staff positions, including 5 positions within the Commission on Water Resource Management, and provide funding support to the Division of State Parks and various resource protection programs administered by the Division of Forestry and Wildlife such as the protection of threatened and endangered species, removal of invasive species, wildland firefighting and lifeguard services. Revenues collected by other divisions have supported watershed protection, preservation of cultural and historical sites and public recreational resources. In addition, the Department has provided lands to other agencies in support of a variety of agricultural, educational, transportation and affordable housing projects, often at the expense of generating revenue to support its own programs. These collective efforts have contributed significantly to the betterment of native Hawaiians as well as the general public, in excess of the revenues paid to DHHL and OHA. It is also fair for DHHL and OHA to share in the sacrifice made by the State and its citizens during this time, especially when other critical public services face potentially severe budget reductions.

Thank you for the opportunity to comment on this measure.

DAVID Y. IGE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the Senate Committees on
HAWAIIAN AFFAIRS
and
GOVERNMENT OPERATIONS**

**Tuesday, February 1, 2022
1:00 PM
State Capitol, Via Videoconference**

**In consideration of
SENATE BILL 2594
RELATING TO PUBLIC LAND TRUST FUNDS**

Senate Bill 2594 proposes to: (1) Require agencies that collect receipts for any disposition of the public land trust shall each fiscal quarter transfer to the Department of Hawaiian Home Lands (DHHL) or the Office of Hawaiian Affairs (OHA) twenty per cent of each receipt from the disposition; (2) Require the return of certain moneys previously claimed as public land trust overpayments to OHA; and (3) Establish a public land trust revenues negotiating committee. **The Department of Land and Natural Resources (Department) opposes this measure.**

The Department opposes paying DHHL or OHA any additional funds from ceded lands above the fixed annual payment of \$15.1 million currently paid to OHA, as established by legislative mandate via Act 178, Session Laws of Hawaii 2006, regardless of which agency actually receives the funds. The Department notes that DHHL is already entitled to thirty percent of receipts collected from the leasing of lands cultivated as sugar cane lands and water licenses pursuant to Article XII, Section I of the Hawaii State Constitution. If the Department were obligated to pay additional revenue to either DHHL or OHA, it would abrogate the Department's ability to adequately fund its natural, cultural, historical and recreational resource management and protection programs. In addition, the severe detrimental economic impact resulting from the ongoing COVID pandemic either already has significantly constrained, or will significantly constrain the ability of State agencies, including the Department, to generate income from the public land trust, further diminishing natural and cultural resource protection. The Department estimates the immediate impact of the bill if passed is a shortfall of payments to DHHL or OHA in the amount of about \$26 million that will need to be made up by the State, in addition to the current \$15.1 million annual payment to OHA. Given that the Department generates a significant portion of total ceded land revenues, this measure would have a disproportionate and severely detrimental impact on the Department.

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

The revenues collected by the Department's Land Division cover the entire annual operating budget for the Land Division, the Department's Office of Conservation and Coastal Lands, and the Dam Safety and Mineral Resources Programs of the Department. The revenues fund over 80 Department staff positions, including 5 positions within the Commission on Water Resource Management, and provide funding support to the Division of State Parks and various resource protection programs administered by the Division of Forestry and Wildlife such as the protection of threatened and endangered species, removal of invasive species, wildland firefighting and lifeguard services. Revenues collected by other divisions have supported watershed protection, preservation of cultural and historical sites and public recreational resources. In addition, the Department has provided lands to other agencies in support of a variety of agricultural, educational, transportation and affordable housing projects, often at the expense of generating revenue to support its own programs. These collective efforts have contributed significantly to the betterment of native Hawaiians as well as the general public, in excess of the revenues paid to DHHL and OHA. It is also fair for DHHL and OHA to share in the sacrifice made by the State and its citizens during this time, especially when other critical public services face potentially severe budget reductions.

Thank you for the opportunity to comment on this measure.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-FIRST LEGISLATURE, 2022**

ON THE FOLLOWING MEASURE:

S.B. NO. 2594, RELATING TO PUBLIC LAND TRUST FUNDS.

BEFORE THE:

SENATE COMMITTEES ON HAWAIIAN AFFAIRS AND ON
GOVERNMENT OPERATIONS

DATE: Tuesday, February 1, 2022 **TIME:** 1:00 p.m.

LOCATION: State Capitol, Via Videoconference

TESTIFIER(S): Holly T. Shikada, Attorney General, or
Craig Y. Iha, Deputy Attorney General

Chairs Shimabukuro and Moriwaki and Members of the Committees:

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

This bill requires state departments and agencies that collect receipts from the use of lands described in article XII, section 4, of the Hawai'i Constitution, to transfer twenty per cent of such receipts to the Department of Hawaiian Home Lands (DHHL) on a quarterly basis. If DHHL refuses, the receipts must be given to the Office of Hawaiian Affairs (OHA). If a quarterly minimum amount of \$3,775,000 is not transferred to DHHL, the Director of Finance must transfer funds to DHHL or OHA to make up the shortfall from sources that are not identified and thus would presumably have to come from the general fund. This bill also requires the Department of Budget and Finance (B&F) to transfer to DHHL all funds in fiscal year 2012-2013 through fiscal year 2021-2022 from the carry-forward trust holding account established under Executive Order No. 06-06 (EO 06-06), plus any additional funds deposited in that holding account in fiscal years 2022-2023. Finally, this bill creates a public land trust revenues negotiating committee that is exempt from chapter 92, Hawaii Revised Statutes (HRS), to resolve what DHHL's or OHA's share of the receipts from the article XII, section 4's trust should be.

Article XII, section 4, of the Hawai'i Constitution provides:

The lands granted to the State of Hawaii by Section 5(b) of the Admission Act and pursuant to Article XVI, Section 7, of the State Constitution, excluding

therefrom lands defined as “available lands” by Section 203 of the Hawaiian Homes Commission Act, 1920, as amended, shall be held by the State as a public trust for native Hawaiians and the general public.

Section 4 only refers to and describes the *land* to be held as a “public trust for native Hawaiians and the general public,” *i.e.*, the Government and Crown lands that the Republic of Hawai‘i seized upon the overthrow of the Hawaiian Kingdom, and later ceded to the United States upon annexation in 1898. See *Office of Hawaiian Affairs v. State*, 96 Hawai‘i 388, 389-90 (2001). These lands comprise the corpus of what is commonly referred to as the “public land trust”. Section 4 does not refer to the income, proceeds, or receipts collected from those lands, nor does it direct the State to transfer a share, or any portion of the income, proceeds, or receipts from those lands to DHHL or OHA.

Section 5(f) of the Admission Act (Section 5(f)), however, does require these lands, and the income and proceeds from these lands, to be used only for one of five purposes: (1) public schools and other public educational institutions; (2) the betterment of the conditions of native Hawaiians; (3) the development of farm and home ownership; (4) the making of public improvements; and (5) the provision of lands for public use.

Notably, article XII, section 6, of the Hawai‘i Constitution designates OHA as the receiving agency for *all* of the pro rata portion of receipts that go toward the betterment of the conditions of native Hawaiians:

The board of trustees of the Office of Hawaiian Affairs shall exercise power as provided by law: to manage and administer the proceeds from the sale or other disposition of the lands, natural resources, minerals and income derived from whatever sources for native Hawaiians and Hawaiians, including all income and proceeds from that pro rata portion of the trust referred to in section 4 of this article for native Hawaiians

However, there is no analogous provision in the Hawai‘i Constitution that provides DHHL with any portion of the receipts collected from the lands of the public land trust. Moreover, the Hawai‘i Constitution does not specify the amount, percentage, or nature of the income or proceeds from the lands referred to in article XII, section 4, of the Hawai‘i Constitution that must be transferred to OHA. In fact, both the Hawai‘i Constitution and Section 5(f) are silent on how receipts from the public land trust must

or should be apportioned to support any of the five trust purposes. And, the Hawai‘i Supreme Court has held that the Legislature determines how the State satisfies the provisions of article XII, section 6. See, e.g., *Office of Hawaiian Affairs v. Yamasaki*, 69 Haw. 154 (1987).

In 2006, the Legislature enacted Act 178, Session Laws of Hawaii 2006 (Act 178), as an interim measure to set the annual amount of OHA’s pro rata share of income and proceeds from the public land trust. It set the amount at \$15.1 million annually, to be dispersed in quarterly payments of \$3.775 million and until modified by further legislation. As section 3 of Act 178 directs, Governor Lingle issued EO 06-06 to outline how each and every applicable agency was to transfer its portion of the quarterly payments of \$3.775 million to OHA. EO 06-06 also established a carry-forward trust holding account, not to override, but to accomplish the Legislature’s determination of OHA’s pro rata share of receipts.

Section 2(1) of this bill requires state agencies to transfer twenty percent of the receipts from the public land trust first to DHHL on a quarterly basis. Redirecting such receipts to DHHL is not required by the Hawai‘i Constitution and may impede the State’s obligation under article XII, section 6, of the Hawai‘i Constitution, which provides that “*all* income and proceeds from that pro rata portion of the [public land trust] . . . for native Hawaiians” is to be managed and administered by OHA’s board of trustees. (Emphasis added.); see also AG Opinion No. 03-04 at 4-6. The plain language of article XII, section 6, of the Hawai‘i Constitution designates OHA, not DHHL, as the agency with exclusive authority over any and all receipts from the public land trust earmarked for the betterment of native Hawaiians. DHHL administers an entirely different trust comprised of different lands, defined as the “available lands” identified in the Hawaiian Homes Commission Act, 1920. Moreover, DHHL receives funding pursuant to article XII, section 1, of the Hawai‘i Constitution.

This bill also requires state agencies to transfer twenty percent of “each receipt” – or *gross* income – derived from the public land trust. See page 11, lines 6-8. This may have the unintended result of impeding the State’s ability to carry out other trust purposes of the public land trust. For example, additional revenue may need to be

raised to cover the cost of other government operations and programs. Such revenues could be in the form of higher lease rents in affordable housing projects, higher fees at state harbors, and higher prices at concessions and services operated by the State on public lands. These increased fees and general fund subsidies would result in additional burdens on consumers, businesses, and taxpayers – all of whom are themselves beneficiaries of the public land trust as native Hawaiians and members of the general public.

While the State clearly owes constitutional obligations to native Hawaiians, the State also has a constitutional obligation to the general public. Care must be taken to fairly allocate the income and proceeds from the public land trust so that the beneficiaries comprising the general public are not unfairly disadvantaged. See Restatement of Trusts (Second) § 183 (“When there are two or more beneficiaries of a trust, the trustee is under a duty to deal impartially with them”).

Importantly, this bill does not recognize, let alone distinguish between, the different trust purposes for which the lands in the public land trust are to be used. By requiring the transfer to DHHL or OHA of an additional twenty percent of the receipts from the use of Section 5(f)'s lands, including from *lands being used for one of the public trust purposes*, the State could run afoul of its other trust obligations to the other beneficiaries. For example, the receipts could include University of Hawai‘i (UH) tuition payments, which could have an adverse impact on the general public as well as native Hawaiian UH students.

Requiring all agencies – including those that effectuate the other express purposes of the Section 5(f) trust – to indiscriminately transfer twenty percent of all receipts from the public land trust could impede the State’s obligation to accomplish all five purposes of Section 5(f). It also could violate federal law. In *OHA v. State*, 96 Hawai‘i 388 (2001), the Hawai‘i Supreme Court ruled that a twenty percent transfer requirement as applied to the Department of Transportation’s airport revenues conflicted with federal transportation statutes. This bill’s return to a twenty percent transfer requirement for all agencies could again raise similar preemption issues.

Finally, regarding the transfer of funds from the carry-forward trust holding account required by section 3 of this bill, it is important to note that Act 178 did not prescribe or require the account to be established or for the funds in excess of \$15.1 million each fiscal year to be transferred to OHA. Because Act 178 requires OHA to receive \$3.775 million after the end of each fiscal quarter, for a total of \$15.1 million each fiscal year, the Director of Finance established the holding account (with the Governor's approval) as a reserve account to make up any shortfall in the \$3,775,000 quarterly payments. Under the Legislature's most recent determination of OHA's pro rata share, as set forth in Act 178, OHA is not entitled to the funds in the carry-forward trust holding account.

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**

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF WILLIAM J. AILA, JR, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEES ON HAWAIIAN AFFAIRS
AND GOVERNMENT OPERATIONS
HEARING ON FEBRUARY 1, 2022 AT 1:00PM VIA VIDEOCONFERENCE

SB 2594, RELATING TO PUBLIC LAND TRUST FUNDS

February 1, 2022

Aloha Chair Shimabukuro, Chair Moriwaki, and members of the Committees:

The Department of Hawaiian Home Lands (DHHL) submits comments on this bill which (1) requires agencies that collect receipts for any disposition of the public land trust each fiscal quarter to transfer to DHHL or the Office of Hawaiian Affairs (OHA) twenty per cent of each receipt from the disposition, (2) provides to DHHL certain moneys previously claimed as public land trust overpayments to OHA, and (3) establishes a public land trust revenues negotiating committee.

DHHL appreciates the motivation behind this bill and the acknowledgement that despite constitutional obligations to DHHL, the Department does not currently receive sufficient funding to develop house lots for all applicants on the waiting list. Nevertheless, the State Constitution established OHA to manage and administer the proceeds from the sale or other disposition of the lands, natural resources, minerals and income derived from whatever sources for native Hawaiians and Hawaiians, including all income and proceeds from that pro rata portion of the public trust for native Hawaiians.

DHHL takes no position on the establishment of a public land trust revenues negotiating committee, but the Chairman or the Chairman's designee is open to serving on the committee.

Thank you for your consideration of our testimony.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE COMMITTEES ON HAWAIIAN AFFAIRS
AND
GOVERNMENT OPERATIONS**

**FEBRUARY 1, 2022
1:00 P.M.
Via VIDEOCONFERENCE**

**SENATE BILL NO. 2594
RELATING TO PUBLIC LAND TRUST FUNDS**

Chairpersons Shimabukuro, Moriwaki, and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 2594. This measure requires agencies that collect receipts for any disposition of the public land trust shall each fiscal quarter transfer to the department of Hawaiian home lands or the office of Hawaiian affairs twenty per cent of each receipt from the disposition. It returns certain moneys previously claimed as public land trust overpayments to the office of Hawaiian affairs and establishes a public land trust revenues negotiating committee exempted from Chapter 92, HRS. The Department offers comments and concerns regarding this bill.

The Department respectfully requests that the required minimum transfer amount be deleted. Establishing a minimum transfer amount appears to be inconsistent with the pro rata share requirements recited in the preamble of this measure. Should gross revenues decline, the minimum transfer amount would exceed the 20% pro rata share. Requiring transfer of such fixed amounts creates an adverse impact to the Department and places a hardship on our programs.



Page 2

Lastly, the Department respectfully questions the need for an exemption from Chapter 92, HRS. We understand that the negotiation may contain issues of a sensitive nature, however, when these issues arise, the committee may go into executive session. Open meetings are vital to the public process to ensure alternate views can be heard and properly explored by the committee.

Thank you for the opportunity to testify.



STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS
560 N. NIMITZ HWY., SUITE 200
HONOLULU, HAWAII 96817

SB2594
RELATING TO PUBLIC LAND TRUST FUNDS

Ke Kōmike 'Aha Kenekoa o ke Kuleana Hawai'i
Senate Committee on Hawaiian Affairs
Senator Maile S. L. Shimabukuro, Chair
Senator Jarrett Keohokalole, Vice Chair

Ke Kōmike 'Aha Kenekoa o ka Hana Aupuni
Senate Committee on Government Operations
Sharon Y. Moriwaki, Chair
Donovan M. Dela Cruz, Vice Chair

February 1, 2022

1:00 p.m.

Virtual Hearing

The Office of Hawaiian Affairs (OHA) is in **OPPOSITION** to SB2594 and requests that it be held in committee. SB2594 requires that agencies that collect receipts for any disposition of the public land trust to each fiscal quarter transfer to the Department of Hawaiian Home Lands or the Office of Hawaiian Affairs twenty per cent of each receipt from the disposition. Returns certain moneys previously claimed as public land trust overpayments to the Office of Hawaiian Affairs and establishes a public land trust revenues negotiating committee exempted from part I of chapter 92, Hawaii Revised Statutes.

We appreciate the Senate's continued willingness to work with the Office of Hawaiian Affairs ("OHA") to address the State's obligation to pay the full 20% share of income and proceeds derived from the public land trust lands. SB2122 makes clear that payment of all past due monies from the period FY2021 through 2022, includes past due revenue in excess of "interim" 15.1 million (3.8% of the 20%) that is held in the overage trust account.

OHA OPPOSES SB2594 in that 1) it requires that transfers of the twenty per cent share of PLT income and proceeds may be paid to either the Department of Hawaiian Home Lands or the Office of Hawaiian Affairs and 2) in other respects, it is duplicative of SB2021 and SB2122.

Pursuant to the Hawai'i State Constitution and Hawaii Revised Statutes, the power and authority of OHA to manage the PLT funds resides with nine elected officials, collectively the OHA Board of Trustees, representing constituents statewide. SB2594 wrongfully equates OHA's authorities and accountabilities to manage PLT funds to that of DHHL, which pursuant

to the Hawaiian Homes Commission Act, is headed by an executive board, the Hawaiian Homes Commission, whose nine members are appointed by the Governor with the advice and consent of the Senate.

DHHL provides for the rehabilitation of the native Hawaiian people through a government-sponsored homesteading program and needs sufficient funding to develop house lots for all applicants on the waiting list. OHA upholds its constitutional obligation for the betterment of the conditions of native Hawaiians with revenue from the PLT lands income and proceeds. Transfers of PLT revenue to DHHL is not aligned with established congressional law, the Hawai`i State Constitution and statutory framework. The Hawai`i State Constitution established OHA to manage and administer income and proceeds from the public land trust, not DHHL.

OHA strongly urges that SB2594 be held in committee.



SENATE COMMITTEE ON HAWAIIAN AFFAIRS
SENATE COMMITTEE ON GOVERNMENT OPERATIONS
Tuesday, February 1, 2022, 1 pm, Videoconference
SB 2594
Relating to Public Land Trust Funds

TESTIMONY

Douglas Meller, Legislative Committee, League of Women Voters of Hawaii

Chair Shimabukuro, Chair Moriwaki, and Committee Members:

The League of Women Voters of Hawaii requests amendment of SB 2594.

The League has no expertise or position concerning OHA's fair share of revenues. However, we request amendment of Section 4 of this bill so that the proposed public land trust revenues negotiating committee is subject to Chapter 92, Hawaii Revised Statutes. There is no compelling justification to exempt the proposed committee from the Sunshine Law.

Thank you for the opportunity to submit testimony.

Center for Hawaiian Sovereignty Studies
46-255 Kahuhipa St. Suite 1205
Kane'ohe, HI 96744
(808) 247-7942
Kenneth R. Conklin, Ph.D. Executive Director
e-mail Ken_Conklin@yahoo.com
Unity, Equality, Aloha for all



To: SENATE COMMITTEE ON HAWAIIAN AFFAIRS and
COMMITTEE ON GOVERNMENT OPERATIONS
For hearing Tuesday, February 1, 2022

Re: SB2594
RELATING TO PUBLIC LAND TRUST FUNDS

Requires agencies that collect receipts for any disposition of the public land trust shall each fiscal quarter transfer to the department of Hawaiian home lands or the office of Hawaiian affairs twenty per cent of each receipt from the disposition. Returns certain moneys previously claimed as public land trust overpayments to the office of Hawaiian affairs. Establishes a public land trust revenues negotiating committee.

TESTIMONY IN OPPOSITION

Noting outrageous demand for \$638 Million in arrears plus \$79 Million per year in future for OHA from ceded land revenues, exclusively for "betterment of Native Hawaiians" who comprise 20% of Hawaii's people, with no set-aside of 4 times those amounts exclusively for the other 80% of Hawaii's people who lack a drop of Hawaiian blood..

SUMMARY OF MAIN POINTS:

1. The legislature always has the power to amend or rescind any statute law. Act 273 (1980) requiring payment of 20% of ceded land revenue to OHA has created 40 years of bitter controversy and litigation. Act 273 (1980) should be rescinded. OHA should be funded the same way as other departments of the State government, through ordinary budget appropriations. Put an end to OHA's incessant lawsuits over the 20% rule.
2. If the legislature chooses to maintain the 20% rule, the base for calculating 20% should be net income after expenses, not gross revenue. Taxpayers pay for all capital investments and operating expenses whereby the ceded lands are enabled to produce revenue, so it is illegal and immoral for OHA to siphon off gross revenue while the other 80% of the land trust beneficiaries, lacking a drop of Hawaiian blood, pay all the costs and receive none of the revenue.
3. The Ceded Lands Trust costs the State many times more annually for operating expense than the 1.2 million acres bring in. A previous state Director of finance and a Land Information Systems Manager acknowledged in a formal court declaration that this disparity between trust expenses and trust receipts has occurred in every year since statehood. Thus there is no net income from the ceded lands to be distributed to OHA or any of the other ceded land trust beneficiaries named in Section 5(f) of the Statehood Admissions Act -- the ceded lands money distributed to OHA is actually tax dollars in disguise.
4. Section 5(f) of the statehood Admissions Act identifies 5 purposes for which ceded land revenues can be used. So what about the remaining 4 purposes in addition to "betterment of native Hawaiians"? If OHA gets a dedicated 20% of ceded land revenue to fulfill one of the 5 purposes, then the public school system should also be getting its own dedicated 20% portion; the development of low-income housing should be getting its 20% portion; the Department of Land and Natural Resources (especially the Parks Department) should be getting its 20% portion; etc.

5. For the first 20 years of statehood, 100% of ceded land revenue was given to the public schools, where 26% of the children are Native Hawaiians. Thus 26% of ceded land revenues went for the betterment of Native Hawaiians, without any need for race-specific earmarking. Remove racial entitlements, which are both unconstitutional and immoral.

6. As a condition for receiving budget appropriations or ceded land revenues, OHA should be required to fulfill whatever obligation the State may have to fund the operation of the Department of Hawaiian Homelands -- especially the huge amount of alleged arrears which a court decision ordered the legislature to pay. The legislature often raids special funds such as the Highway fund or Hurricane Relief fund to balance the budget or transfer to other departments, so why should OHA be treated any differently?

7. The dollar amount specified in this bill for future annual payments is unsupported by facts. The dollar amount for makeup of alleged arrears is both unsupported by facts and would violate previous agreements negotiated in good faith. Both amounts are outrageous drains on State finances and violations of the 14th Amendment Equal Protection clause.

SOME DETAILS ABOUT THOSE POINTS

1. There is a long history of contentious negotiation, legislation, and litigation over the amount of money owed to OHA under the rule specifying 20% of ceded land revenue. The first half of this bill reviews some of the elements of that history. The requirement to pay OHA 20% of ceded land revenue is statutory law enacted as Act 273, Session laws of 1980. It is not in the Statehood Admissions Act nor in the State Constitution. Therefore, this law can be amended by the legislature at any time to reduce the percentage; or the law can be rescinded entirely.

Act 273, Session laws of 1980 should be rescinded. OHA should be funded in the same manner as any other branch of the State

government; i.e., by an appropriation included in the annual or biennial State budget, including a line-item

listing of the purposes for which the money is to be spent. Then there would be no further conflict or litigation over how to calculate the 20%. This bill proposes yet another in a long history of complicated formulas for calculating the number of dollars required by the 20% rule. Over the years these recalculations have come to resemble a Rube Goldberg device where a long series of tracks, levers, springs, bells, and whistles eventually propel a ball to its final destination. Let's get rid of that nonsense.

Repeal the 20% rule and fund OHA by ordinary budget appropriations in the same way as any other department of the State government.

Act 273 (1980) says "twenty per cent of all funds derived from the public land trust ... shall be expended by the office of Hawaiian affairs ... for the purposes of this chapter." Act 273 does not say the funds may be invested in an investment portfolio, it says the funds SHALL BE EXPENDED to provide services. Yet OHA seems to think it can grab tens of millions of dollars every year which it then invests or uses for political purposes such as lobbying for the Akaka bill or building a racial registry for "nationbuilding", but OHA fails to provide more than sporadic and inadequate funding for purposes which OHA should be supporting.

According to its 2020 Annual Report, OHA has \$666 Million in assets. No other agency of the state government is allowed to squirrel away huge amounts of wealth as a permanent cash stash. At its current level of expenditures OHA has enough money in its slush fund to meet all its budget needs for more than a decade. Stop feeding this beast.

2. If the legislature unwisely chooses to keep the requirement of a specific percentage of ceded land revenue to be paid to OHA, then the legislature should write into law that the percentage must be calculated on the base of NET INCOME AFTER EXPENSES rather than gross revenue. It costs a lot of money to construct roads and

buildings, supply water and electricity, and pay salaries of staff who operate or maintain the facilities that generate revenue from the ceded lands. Those capital expenditures and operating expenses should be

deducted from gross revenue to determine the net income to be used when applying the percentage to calculate how much money to pay to OHA. In many if not most cases, government lands and infrastructure operate at a loss because their purpose is to provide services rather than to make a profit. That's why government imposes taxes in order to provide funding for its operations. Taxpayers pay for all capital investments and operating expenses whereby the ceded lands are enabled to produce revenue, so it is illegal and immoral for OHA to siphon off gross revenue while other land trust beneficiaries pay all the costs and receive none of the revenue.

3. In 2008 Georgina K. Kawamura, Director of Finance of the State of Hawaii, and Arthur J. Buto, State Land Information Systems Manager, stated in a formal court declaration that the Ceded Lands Trust costs the State many times more annually than the 1.2 million acres bring in. They also acknowledged that this disparity between trust expenses and trust receipts has occurred in every year since statehood. Thus there is no net income from the ceded lands to be distributed to OHA or any of the other ceded land trust beneficiaries named in Section 5(f) of the Statehood Admissions Act -- the ceded lands money already distributed to OHA is actually tax dollars in disguise. As attorney H. William Burgess said in 2002, "This can be fairly characterized as a confession of guilt to systematic and massive misappropriation of trust funds over the last three decades." From July 1, 1990 to June 30, 2002 OHA and DHHL together cost the State treasury more than a Billion dollars, and in 2002 the estimated cost for the following 10 years from July 1, 2004 through June 2014 was projected to be an additional two Billion dollars, for a total of three Billion dollars. See documentation of these figures, including spreadsheets filed in *Arakaki v. Lingle*, at <http://www.angelfire.com/hi5/bigfiles/ohadhhlburdenstatetreasury.html>

4. Here is the relevant language from section 5(f) of the statehood Admissions Act identifying the 5 purposes for the use of ceded land revenues: "... for the support of the public schools and other public educational institutions, for the betterment of the conditions of native Hawaiians, as defined in the Hawaiian Homes Commission Act, 1920, as amended, for the development of farm and home ownership on as widespread a basis as possible for the making of public improvements, and for the provision of lands for public use." So what about the remaining 4 purposes in addition to betterment of native Hawaiians? If OHA gets a dedicated 20% of ceded land revenue to fulfill one of the 5 purposes, then the public school system plus UH should also be getting its own dedicated 20% portion; the development of low-income housing should be getting its 20% portion; the Department of Land and Natural Resources (especially the Parks Department) and the Highway Department should be getting its 20% portion; etc. Furthermore, each of those departments should be getting its money quarterly as the bill requires for OHA, and in the same dollar amount. Really?

5. For the first 20 years of statehood, 100% of ceded land revenue was given to the public schools, where 26% of the children are Native Hawaiians. Thus 26% of ceded land revenues went for the betterment of Native Hawaiians, without any need for race-specific earmarking. Remove racial entitlements, which are both unconstitutional and immoral.

A valuable webpage providing information about 856 government funded racial entitlement programs for the exclusive benefit of "Native Hawaiians" was disrupted but has now been partially restored. Several other webpages on the same topic are also available. All these programs, valued into the Billions of dollars, are paid for by tax dollars from the governments of the United States and the State of Hawaii. It is likely that these programs are unconstitutional. Some have been challenged in state and federal courts. Thus far the lawsuits to dismantle them have been dismissed on technical procedural issues including "standing" and the "political question" doctrine. However, those dismissals never reached the merits of these cases. Thus all

these programs remain available as targets for future civil rights lawsuits based on the 14th Amendment equal protection clause and other arguments. Keep in mind that this compilation pertains only to government programs funded by taxpayers, and does not include enormous privately funded programs such as Kamehameha Schools (Bishop Estate) which alone is worth \$10-15 Billion, Lili'uokalani Childrens Trust, and many others. More recently, the U.S. Department of Interior, Office of Native Hawaiian Relations, has published a 217-page list of federal programs and grants for ethnic Hawaiians. See details on the webpage "For Hawaiians Only" at <http://tinyurl.com/zrfuy8k>

6. As a condition for receiving budget appropriations or ceded land revenues, OHA should be required to fulfill whatever obligation the State may have to fund the operation of the Department of Hawaiian Homelands -- especially the huge amount of alleged arrears which a court decision ordered the legislature to pay. Let the Office of HAWAIIAN affairs support the Department of HAWAIIAN homelands -- that's the real reason why Section 5(f) of the 1959 Admissions Act specified that one purpose for which ceded land revenues can be spent is "for the betterment of the conditions of native Hawaiians AS DEFINED IN THE HAWAIIAN HOMES COMMISSION ACT, 1920."

According to its annual report for 2020, OHA currently has over \$666 Million in assets. No other agency of the state government is allowed to squirrel away huge amounts of wealth as a permanent cash stash. At its current level of expenditures OHA has enough money in its slush fund to meet all its budget needs for more than a decade. Enough already! Stop feeding this beast. No wonder the State is having budget problems!

7. The \$79 Million specified in this bill for future annual payments is unsupported by facts. The \$638 Million for makeup of alleged arrears is both unsupported by facts and would violate previous agreements negotiated in good faith. Both amounts are outrageous drains on State finances and violations of the 14th Amendment Equal Protection clause.

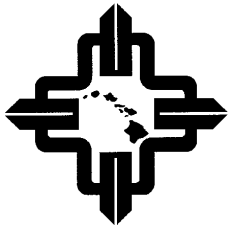
In year 2019 the first draft of HB402, a bill comparable to this one, would establish \$35,000,000 as the Office of Hawaiian Affairs' annual share of the income and proceeds of the public land trust beginning in the next fiscal year. Furthermore that bill would transfer to the Office of Hawaiian affairs a sum of \$139,000,000 to pay OHA amounts received from the use of the public land trust that were allegedly underpaid between July 1, 2012 and June 30, 2019.

Those dollar amounts were unsupportable by facts. There is no inventory of the ceded lands, which is why the state Supreme Court several years ago dismissed OHA's lawsuit as non-justiciable -- there was no way for the court to calculate dollar amounts of ceded land revenues produced from lands for which there was no inventory list.

The dollar amounts now specified in 2022 are absurd and outrageous increases when compared with the dollar amounts in HB402 of 2019 covering years 2012 to 2019. Furthermore, if these figures are based on 20% of ceded lands revenue because Section 5(f) of the 1959 Admissions Act identifies 5 purposes, then the same amounts must be given to each of the other 4 purposes for ceded lands revenue.

The U.S. Constitution requires that government must treat all persons equally under the law regardless of race. Whatever sums are specified exclusively for ethnic Hawaiians, who comprise about 20% of population, then where are quadruple those amounts for exclusive use for the remaining 80% who have no Hawaiian blood?

OHA previously reached a settlement with the State, enacted into law by the legislature, regarding annual payments in lieu of indeterminable ceded land revenues. State land in Kaka'ako valued by mutual agreement at \$200,000,000 was transferred to OHA. Comes now OHA crying that the agreed-upon dollar amount was too low. Boo-hoo! How much is enough? Political pressure to pass this bill, along with propaganda film broadcast repeatedly on TV, are evidence that no amount would ever be enough to satisfy the monster that is devouring Hawaii. Enough already! Stop feeding this beast.



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Quality Healthcare For All"

COMMITTEE ON HAWAIIAN AFFAIRS
Senator Maile S.L. Shimabukuro, Chair
Senator Jarrett Keohokalole, Vice Chair

COMMITTEE ON GOVERNMENT OPERATIONS
Senator Sharon Y. Moriwaki, Chair
Senator Donovan M. Dela Cruz, Vice Chair

February 1, 2022
1:00 p.m.
Hawaii State Capitol
Via Videoconference

**Testimony Providing Comments on S.B. 2594
RELATING TO PUBLIC LAND TRUST FUNDS.**

Requires agencies that collect receipts for any disposition of the public land trust shall each fiscal quarter transfer to the department of Hawaiian home lands or the office of Hawaiian affairs twenty per cent of each receipt from the disposition. Returns certain moneys previously claimed as public land trust overpayments to the office of Hawaiian affairs. Establishes a public land trust revenues negotiating committee.

Linda Rosen, M.D., M.P.H.
President & Chief Executive Officer
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony **providing comments on SB 2594**.

Having HHSC pay rental income on ceded lands when HHSC is either the exclusive or significant provider of healthcare services in those rural communities may jeopardize HHSC's ability to provide the high quality of services that those communities deserve. For fiscal years 2022 and 2023, HHSC is projecting a budget deficit of **\$(50,862,000) and \$(74,152,000)**, respectively, at the state appropriation levels provided in Act 88, S.L.H. 2021 for those fiscal years. As a result, any potential increase in costs to HHSC will either result in a reduction of health care services that are essentially needed in the communities that we serve or require additional general fund appropriations in addition to what HHSC is already requesting. Further, HHSC believes that its revenues should not be subject to the OHA rental computation, as OHA's constituents directly benefit from the healthcare services that HHSC provides.

Thank you for the opportunity to testify before this committee **providing comments** on this measure.

SB-2594

Submitted on: 1/30/2022 7:40:40 AM

Testimony for HWN on 2/1/2022 1:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Leimomi Khan	Individual	Support	No

Comments:

Support.

SB-2594

Submitted on: 1/30/2022 10:32:34 AM

Testimony for HWN on 2/1/2022 1:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Shannon Rudolph	Individual	Support	No

Comments:

Support

SB-2594

Submitted on: 1/30/2022 3:50:17 PM

Testimony for HWN on 2/1/2022 1:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Bronson Azama	Individual	Support	No

Comments:

This is long overdue!