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OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
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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 CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON HAWAIIAN AFFAIRS
ON
SENATE BILL NO. 2608

February 1, 2022
1:01 p.m.
Via Videoconference

RELATING TO GAMBLING

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill No. 2608 requires the Department of Hawaiian Home Lands (DHHL) to conduct a feasibility study on the potential revenue to be generated by limited gaming in the State and the potential public health and safety impacts of casino gambling; requires DHHL to submit a report to the Legislature; and appropriates \$500,000 in general funds for FY 23 to conduct the feasibility study.

B&F notes that the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and

- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

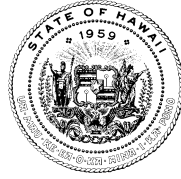
- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our 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
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TESTIMONY OF WILLIAM J. AILA, JR, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEE ON HAWAIIAN AFFAIRS
HEARING ON FEBRUARY 1, 2022 AT 1:01PM VIA VIDEOCONFERENCE

SB 2608 RELATING TO GAMBLING

February 1, 2022

Aloha Chair Shimabukuro, Vice Chair Keohokalole, and members of the Committee:

The Department of Hawaiian Home Lands (DHHL) strongly supports this bill requiring DHHL to conduct a feasibility study of the potential revenue to be generated by limited gaming in the State and the potential public health and safety impacts of casino gambling. The Hawaiian Homes Commission approved a similar measure, but it was not included in the Administration's legislative package.

Hawaii residents generate hundreds of millions of dollars, perhaps billions, in economic activity in other jurisdictions related to gambling and in return, Hawaii receives no benefit. At the same time, the social costs of gambling addiction in Hawaii from problem and pathological gamblers exceed over \$20 million; however, no public funding is provided for gambling treatment and prevention and illegal gambling rooms continue to plague Hawaii communities.

Recent funding allocations from the legislature are historically high. Nevertheless, there remains a gap between the annual funding the State can afford to allocate to the Department, and the significant funding that the Department and the Hawaiian Homes Commission believe is necessary to carry out its duties. This study would examine both the potential revenue to meet the myriad needs of the native Hawaiian people and of the Department and the impacts of casino gambling.

Thank you for your consideration of our testimony.

SB-2608

Submitted on: 1/29/2022 12:02:10 PM

Testimony for HWN on 2/1/2022 1:01:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Samantha DeCorte	Individual	Oppose	Yes

Comments:

I will read my testimony via zoom

SB-2608

Submitted on: 1/29/2022 1:36:24 PM

Testimony for HWN on 2/1/2022 1:01:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Allen Cardines, Jr.	Individual	Oppose	No

Comments:

Dear Honorable Chair Shimabukuro and members of the Senate Committee on Hawaiian Affairs,

My name is Allen Cardines, Jr. Thank you for allowing me to submit my written testimony in **opposition** to **SB2608** relating to gambling.

Families on the Department of Hawaiian Home Lands (DHHL) across Hawaii desperately want and need DHHL to help to fund and find positive, productive, solution-oriented pathways to safer, more caring communities. Health and safety on DHHL should be the #1 priority because families are tired of being terrorized in their communities.

The \$500,000 would be best spent towards staffing DHHL Enforcement Team to disrupt the manufacturing, distribution, causing, maintaining, aiding, abetting, or permitting drug nuisance by keeping drug dealers out of drug houses located on DHHL or training and mobilizing Neighborhood Security Watch Teams or both.

Thank you very much!

Allen Cardines, Jr.

SB-2608

Submitted on: 1/30/2022 3:51:56 PM

Testimony for HWN on 2/1/2022 1:01:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Bronson Kainoa Kiyoshi Azama	Individual	Oppose	Yes

Comments:

Stop pushing bills in which have already demonstrated immense community opposition. No appropriations to a project that will meet a dead end with us having to block a road.

SB-2608

Submitted on: 1/31/2022 10:50:21 AM

Testimony for HWN on 2/1/2022 1:01:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
marjorie erway	Individual	Oppose	No

Comments:

Gambling in any form will allow all forms to eventually be used in Hawaii. People love going to Las Vegas. It's partly about getting away, as well as to gamble. However, once gambling is allowed, the crack will deepen. I urge you to completely OPPOSE this or any bill which allows gambling.

Mahalo for your consideration.

February 1, 2022

Senate Committee On Hawaiian Affairs
Senator Maile S.L. Shimabukuro, Chair
Senator Jarrett Keohokolole, Vice Chair

Testimony in Support of SB-2608

Requires the Department of Hawaiian Home Lands to conduct a feasibility study of the potential revenue to be generated by limited gaming in the State and the potential public health and safety impacts of casino gambling. Makes an appropriation.

Aloha Chair Shimabukuro, Vice Chair Keohokolole, and members of the Committee,

I'm Homelani Schaedel, a beneficiary residing in Malu'ohai, a homestead leader in Kapolei, and an advocate for our Hawaiian Home Lands Trust.

As an advocate our Hawaiian Home Lands Trust, one would expect me to be elated when House Speaker Saiki in his opening remarks said, "We will appropriate \$600 million dollars to enable beneficiaries of the Hawaiian Home Lands Trust to acquire their own homes". He also said, "Members, it is time to give the Department of Hawaiian Home Lands the resources it needs to fulfill its fiduciary duty". **I was not, quite the contrary!**

Its' not **only** the Department of Hawaiian Home Lands (DHHL) fiduciary duty, Section 101.c of the Hawaiian Homes Commission Act:

c) In recognition of the solemn trust created by this Act, and the historical government to government relationship between the United States and Kingdom of Hawaii, **the United States and the State of Hawaii** hereby acknowledge the trust established under this Act and **affirm their fiduciary duty** to faithfully administer the provisions of this Act on behalf of the native Hawaiian beneficiaries of the Act.

This statement clearly identifies it is the fiduciary duty of all branches of our State government!

So why now in 2022 its' time to give DHHL \$600 million dollars, a handout to beneficiaries? Why not in 2007 when the Nelson Case was filed October 19, 2007 and has been dragging on for almost 15 years with appeals from the Attorney General's office? Why not in 2012 going forward, when because of the Nelson Case, DHHL began requesting "sufficient funds" for the past 10 years?

Why am I upset and frustrated? Because in the 2021 Legislative Session, when DHHL took a bold step to request a gaming license, my heart sank. How did we get so low on the list, when we should be first? Are we now at a point where we are taking desperate measures. I stated in my testimony before you on February 11, 2021..I am taking a risk and gambling this bill may just be a long shot, although I'm sure committees have been instructed to defer this bill, or to amend it to do a study".

Well, here we are today, to do just that...a study! I support passage of this bill with the hope that it will not be a futile attempt to be diminished and ignored. But rather a critical first step to explore and establish a potential constant funding resource to advance and support all beneficiaries in all areas of the Hawaiian Homes Commission Act (HHCA); residential, pastoral, agriculture, economic development, education, training and support, etc. Above all else, we must determine if this is right for us, applying and approaching this study with kina'ole.

We are in the first year of the next 100 years since passage of the HHCA, and we must all commit to ensuring the legacy of Prince Jonah Kuhio Kalaniana'ole and beneficiaries of the HHCA flourish.

Meanwhile, the kahea will be sent for every applicant on the waitlist and every lessee to hold the 2022 Legislative body to task and ensure DHHL receives \$600 million dollars this session. Do not use this as a ploy because it is election year, we will hold you to it, and we will not forget!

I appreciate the space I've been given to share my mana'o, your time and attention.

Me ka mahalo nui!

Maile Shimabukuro, Chair
Jarrett Keohokalole, Vice Chair
Hawaii Senate Committee on Hawaiian Affairs

Ray Cho, Ph.D.

Thursday, February 1, 2022

Written testimony in support of S.B.2608, Related to Gaming

To Chair Shimabukuro and Vice Chair Keohokalole,

I am writing in SUPPORT of S.B.2608.

I wrote the initial draft of this bill not just because I think Hawaii should look at the potential impacts of regulated gambling; I also wrote it for the reasons it should not. I grew up in Hawaii, graduated from Kalani High School, earned my BA from the University of Wisconsin-Madison, and went on to earn my Ph.D. in Hospitality from the University of Nevada Las Vegas. I lived on the “ninth island” for 11 years. Today, I am a Postdoctoral Scholar at the Center for Gambling Studies at the Rutgers School of Social Work.

The Department of Hawaiian Homelands, in their advancement of the gambling issue during last year’s legislative session, demonstrated why Native Hawaiians must be a primary stakeholder in gambling discussions. Introducing a discussion about gambling without a direct benefit to vulnerable populations, namely Hawaiians, would only amplify the social and economic tensions in the community today. Resentments between the ‘haves’ and ‘have nots’ would only deepen.

I am not writing to convince you of the benefits of a well-regulated industry. While I support that idea in theory, without any data to work with, I am not yet convinced that it can work. I am, however, convinced that Hawaii, despite its idyllic nature, has its own gambling culture— comprised of people who we may not understand but are people nonetheless, sometimes even people we know and love. I am concerned that in pursuit of bucolic ideals, the community routinely falls into a problematic pattern of stigmatization and oversimplification. By focusing too much on shielding our communities from controversial industries, I fear that we become more vulnerable to predatory practices down the road. Protecting the values that make us “Lucky to Live Hawaii” should also integrate components of empowerment and resiliency, achieved through education on high-risk and potentially addictive activities.

As an educator, I feel an obligation to engage the public on a complicated issue that carries with it important public health and safety implications. For example, prevalence rates of problem gambling globally range between 0.7% to 6.5%.¹ Whether or not this is high or low, gambling persists, particularly in the era of online platforms and mobile devices. Vulnerable populations are particularly at risk because gambling is also a comorbidity to other social ills. However, without routine screening, data collection, and evidence-based research, policy and treatment

¹ Calado, F., & Griffiths, M. D. (2016). Problem gambling worldwide: An update and systematic review of empirical research (2000–2015). *Journal of Behavioral Addictions*, 5(4), 592-613.

cannot progress. Studies have shown that \$1 in problem gambling services could save \$2 in social costs. Currently, Hawaii allocates \$0 to problem gambling.²

Hawaii, in various ways, represents what a stereotypical gambling town does not. The scenic beauty and homegrown values create a pure feeling of Aloha, undisturbed by the noise, excess, and debauchery commonly associated with gambling. As Hawaii goes through another cycle of legislative sessions fending off a recurring push for gambling, I become concerned. This concern has nothing to do with gambling advocates or critics winning the day, but rather, because a valuable opportunity could get lost in having a productive discussion about public health and safety.

Thank you for your time and consideration.

Mahalo,
Ray Cho

² National Council on Problem Gambling. (2019). 2018 Annual Report.

LATE

SB-2608

Submitted on: 1/31/2022 7:15:41 PM

Testimony for HWN on 2/1/2022 1:01:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Darius Kila	Individual	Oppose	No

Comments:

Aloha,

I serve as a member of the Nānākuli-Mā‘ili Neighborhood Board, but my views do not reflect the board & I speak for myself.

I am in opposition of this bill & study. Gambling cannot exist in Hawai‘i.

Mahalo,

Darius K. Kila