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

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TESTIMONY OF WILLIAM J. AILA, JR, CHAIRMAN  
HAWAIIAN HOMES COMMISSION  
BEFORE THE SENATE COMMITTEE ON HAWAIIAN AFFAIRS  
HEARING ON FEBRUARY 4, 2021 AT 1:00PM VIA VIDEOCONFERENCE

**SB 892, RELATING TO THE HAWAIIAN HOMES COMMISSION ACT**

February 4, 2021

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

The Department of Hawaiian Home Lands (DHHL) submits comments on this bill that defines beneficiary consultation; prohibits DHHL from disposing or extending a general lease to non-beneficiaries, unless there are no applicants seeking to enter into a general lease to the use and occupancy of a tract of Hawaiian Home Lands; requires DHHL to notify beneficiaries through beneficiary consultation prior to the disposition of Hawaiian Home Lands; adds language to require Section 204 lessees mandate Homestead Beneficiary Agreements; prohibits DHHL from establishing additional criteria to enter into a general lease with an applicant; specifies that DHHL may grant a license or enter into a general lease; allocates the interest or other earnings from the Hawaiian home loan fund and Hawaiian home general loan fund into their respective funds; requires DHHL submit a quarterly report to the Legislature and beneficiaries; and authorizes DHHL to negotiate with homestead association governed water agencies to maintain water systems prior to other service providers.

Section 1 of the bill amends section 201 of the Hawaiian Homes Commission Act (HHCA) to add a definition for beneficiary consultation. DHHL adopted administrative rules, including HAR §10-4-60 Beneficiary consultation that became effective on August 25, 2018. Since the administrative rules already defines beneficiary consultation, this section of the bill is unnecessary.

Section 2 of the bill amends section 204 of the HHCA to prohibit DHHL from disposing or extending a general lease to non-beneficiaries, unless there are no applicants seeking to enter into a general lease to the use and occupancy of a tract of Hawaiian Home Lands. DHHL landholdings are categorized into different land use designations based on environmental or other constraints with the land and in consultation with beneficiaries. The amendments proposed are unnecessary and propose to elevate the interest of lessees and homestead associations as defined under title 43 C.F.R. section 47.10 over the interest of applicants on the waitlist and HHCA Beneficiary Associations as defined under title 43 C.F.R. section 47.10.

Section 3 of the bill amends section 207 of the HHCA to prohibit DHHL from establishing additional criteria to enter into a lease with an applicant. These proposed amendments directly conflict with section 208 of the HHCA that were in the original Act setting forth conditions whether or not stipulated in the lease.

Section 4 of the bill amends section 213 of the HHCA to allocate the interest or other earnings from the Hawaiian home loan fund and Hawaiian home general loan fund into their respective funds. These proposed amendments are unnecessary since the Hawaiian Home Loan Fund is used principally to pay the net proceeds when a homestead lease is cancelled or surrendered or when a lessee dies without leaving a qualified successor.

Section 6 of the bill amends section 216 of the HHCA to require DHHL submit a quarterly report to the Legislature and beneficiaries. DHHL prepares extensive reports on a monthly basis to the HHC. An example from January 2021 can be viewed here: <https://dttl.hawaii.gov/wp-content/uploads/2021/01/January-19-20-2021-HHC-Packet-opt-1.pdf>.

Section 7 of the bill amends section 221 of the HHCA authorizing DHHL to negotiate with homestead association governed water agencies to maintain water systems prior to other service providers. This proposed amendment is unnecessary since DHHL already has an agreement in place with regard to water maintenance on Hawaii island.

Thank you for your consideration of our testimony.