

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON OCEAN, MARINE RESOURCES,  
AND HAWAIIAN AFFAIRS  
ON  
HOUSE CONCURRENT RESOLUTION NO. 6

March 25, 2015

REQUESTING THAT THE EXECUTIVE BRANCH PROVIDE ACCURATE AND COMPLETE ACCOUNTING OF PUBLIC LAND TRUST REVENUES UNDER SECTION 5 OF ACT 178, SESSION LAWS OF HAWAII 2006

House Concurrent Resolution No. 6 requests the Governor to direct all State departments to provide annually to the Department of Land and Natural Resources (DLNR) an accurate and complete accounting of all ceded land receipts.

We understand that there is a difference between the amount of ceded land receipts for FY 12 as reported by DLNR and as reported by the outside accounting consultant retained by the Office of Hawaiian Affairs (OHA). We will work with DLNR and other State agencies to review the OHA consultant's report and examine the reasons for the differences and plan to complete the review sometime after this legislative session is over. We also intend to work with OHA, in consultation with staff from the Department of the Attorney General, to address any discrepancy issues. The objective is to make the ceded lands reporting more accurate and complete.

DAVID Y. IGE  
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
CARTY S. CHANG  
Interim Chairperson**

**Before the House Committee on  
OCEAN, MARINE RESOURCES AND HAWAIIAN AFFAIRS**

**Wednesday 25, 2015  
9:00 AM  
State Capitol, Room 325**

**In consideration of  
HOUSE CONCURRENT RESOLUTION 6  
REQUESTING THAT THE EXECUTIVE BRANCH PROVIDE ACCURATE AND  
COMPLETE ACCOUNTING OF PUBLIC LAND TRUST REVENUES UNDER  
SECTION 5 OF ACT 178, SESSION LAWS OF HAWAII 2006**

House Concurrent Resolution 6 requests the executive branch to provide an accurate and complete accounting of public land trust revenues as required under section 5 of Act 178, Session Laws of Hawaii 2006. **The Department of Land and Natural Resources (“Department”) offers the following comments on this concurrent resolution.**

Each year, the Department collects the ceded land revenue information from the executive agencies pursuant to Act 178 and submits a report to the Legislature. Act 178 provides that the executive agencies are to cooperate with the Department in this endeavor, but does not make the Department an auditor or “bill collector” of other agencies’ revenues. Rather, with respect to information reported by other agencies, the Department relies on the accounting such agencies provide and conducts no independent verification of their revenue figures.

With respect to the Department, we note that the reporting gap attributed to the Department by the Office of Hawaii Affairs’ (OHA) independent auditor is relatively small when compared to reporting gaps of other agencies. The auditor’s report identifies a possible gap of \$4,930,450 as to the Department, which is approximately 2% of the asserted reporting gap of \$226.1 million for all executive agencies. Of the \$4,930,450, the lion’s share of \$4,773,498 is attributed to the Department’s Division of Boating and Ocean Recreation (DOBOR) due to a misunderstanding of the requirements of Act 178, which DOBOR has committed to rectify.

**CARTY S. CHANG**  
INTERIM CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

**DANIEL S. QUINN**  
INTERIM FIRST DEPUTY

**W. ROY HARDY**  
ACTING 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

For the Department's Land Division, the reporting gap identified by OHA's auditor related to two items: interest earned in the amount of \$85,987 and a lessee's reimbursement to the Land Division for a water bill that the Division paid in the amount of \$34,095. While these figures are receipts of Land Division, the latter item is not ceded lands revenues that OHA would be entitled to share in. Copies of selected portions of the auditor's report relating to the Department are attached.

Thank you for the opportunity to testify.



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**A Report to the  
Office of Hawaiian Affairs**

On the  
Accuracy and Completeness  
Of a  
Report by the Department of Land and Natural Resources  
To the  
Hawai'i State Legislature  
On  
Public Trust Land Receipts  
For the Fiscal Year Ended June 30, 2012



## **E. Division of Boating and Ocean Recreation, Department of Land and Natural Resources**

### Background

The Division of Boating and Ocean Recreation (“DOBOR”) of the Department of Land and Natural Resources is responsible for the management and administration of statewide ocean recreation and coastal area programs pertaining to the ocean waters and navigable streams of the State. It is responsible for 21 small boat harbors, 54 launching ramps, 13 offshore mooring areas, 10 designated ocean water areas, 108 designated ocean recreation management areas, associated aids to navigation throughout the State, and beaches encumbered with easements in favor of the public.

DOBOR maintains a list of revenue generating locations, and the Land Division of DLNR determines if the locations are on Public Trust Land and the percentage of location on Public Trust Land. The allocation percentage of the location determined to be on Public Trust Land is then used to determine the amount of receipts that are due OHA to be deposited into a separate account. A listing of all DOBOR facilities on Public Trust Land is provided in the Reporting Gaps that follow. The Land Division of DLNR has determined that all locations except two (Honokohau and Kukuīula) are situated entirely on Public Trust Land: six percent (6%) of Honokohau Small Boat Harbor is on Public Trust Land and, as a result, DOBOR has determined that OHA’s pro-rata share of receipts is 1.2% (6% of 20%). Ninety-five percent (95%) of Kukuīula Small Boat Harbor is on Public Trust Land and DOBOR has determined that OHA’s pro-rata share of receipts is 19% (95% of 20%). DOBOR applies 20% as OHA’s pro-rata share of all receipts from the other locations.

Revenue consists of cash receipts collected from fees, permits, and charges related to the areas under its jurisdiction. At the time of receipt, the allocation percentage attributable to OHA is deposited into a separate account for each location. The balance of the receipt is then placed in DOBOR’s operating account. On a quarterly basis, DOBOR reports total Public Trust Land receipts by dividing the total amount deposited into the separate account for each location by the allocation percentage used to calculate OHA’s share of receipts for that location. For example, if at the end of the quarter, \$5,000 was deposited into the Keehi Boat Ramp special account, DOBOR would divide the \$5,000 by the 20% percentage due OHA to report total Public Trust Land receipts of \$25,000 for Keehi Boat Ramp for the quarter.

DOBOR reported \$2,480,018 pursuant to Act 178 for the fiscal year ended June 30, 2012. The amount consists of cash receipts recorded July 1, 2011 through March 31, 2012. Cash receipts recorded April 1, 2012 through June 30, 2012 were not included in DOBOR’s Act 178 report.

### Procedures Performed

#### *Land Inventory*

We obtained *Attachment 13 to the DLNR Act 178 Report – (DLNR) Boating and Ocean Recreation* (“Attachment 13”). We reconciled the Public Trust Land parcels reported by DOBOR in Attachment 13 to the OHA Inventory Report. To reconcile the land we agreed the



TMK numbers, which identify the location of the parcels. We inquired as to the reason for the differences to ensure all appropriate Public Trust Land was properly included in Attachment 13.

#### *Financial Reporting*

Through discussions with DOBOR personnel, we learned that only cash receipts recorded in the first three quarters of fiscal year ended June 30, 2012 were included in Attachment 13. DOBOR personnel provided a schedule of Public Trust Land revenue (“PTL Revenue Schedule”) by location, by quarter, for the fiscal year ended June 30, 2012. We recalculated the gross receipts reported for the period July 1, 2011 through March 31, 2012 and agreed them to Attachment 13.

We estimated the gross receipts reportable for the months of April through June 2012 using the method employed by DOBOR (referenced above) to report the cash receipts for the months of July 2011 through March 2012. The estimated additional receipts are presented as part of the Reporting Gaps.

We obtained a copy of the audited financial statements of DLNR for the year ended June 30, 2012. Additionally, DLNR personnel provided the Fund Summary Revenue worksheet for the fiscal year ended June 30, 2012. The Fund Summary Revenue worksheet contains the annual revenue for each DLNR fund by appropriation number (program) and source code (revenue type). We confirmed the Public Trust Land revenue appropriation codes and source codes used by DOBOR and agreed the computations used and amounts to Attachment 13. We also confirmed that the amounts for the year were properly included in the June 30, 2012 audited financial statements.

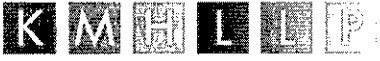
#### Summary and Differences for DOBOR

##### *Land Inventory*

We identified 16 parcels of Public Trust Land from the OHA Inventory Report that were not included in Attachment 13. We were informed by DOBOR staff that these properties did not generate any revenue during the period July 1, 2011 to June 30, 2012. Additionally, we reviewed DOBOR’s revenue records to ensure there were no unreported receipts from these locations. The 16 parcels are listed in Exhibit 4.

##### *Financial Reporting*

We noted that total revenue for the Ocean-Based Recreation Fund per the 2012 audited financial statements was \$13,483,310. From the procedures performed, we identified \$7,253,516 of cash receipts attributable to Public Trust Land for the fiscal year ended June 30, 2012. DOBOR reported cash receipts of \$2,480,018 in Attachment 13. The under-reported difference of \$4,773,498 is due to DOBOR not reporting cash receipts recorded in the fourth quarter. Per DOBOR personnel, these cash receipts were not reported because the State had already paid OHA the statutory amount of \$15.1 million for the fiscal year 2012 as required under Act 178. DOBOR now understands that the Act 178 reporting requirements are not dependent upon any payments made or required to be made to OHA and expects to properly report the entire year’s receipts in the future.



We inquired as to the significant increase in cash receipts recorded in DOBOR's accounting records during fourth quarter compared to the prior three quarters of the year. DOBOR implemented a new accounting system during that period and, during the transition, was unable to record all of its cash receipts on a timely basis. As a result, the receipts recorded in the fourth quarter included receipts deposited in prior quarters. Cash deposits were made timely but they were not recorded timely in the accounting system.

Reporting Gaps

**Public Trust Land Receipts**

**As Reported by DOBOR** \$ 2,480,018

**Estimated Reporting Gaps**

Financial Reporting

Fourth Quarter Cash Receipts

Keehi Boat Ramp	5,306
Waikiki Beach Waters	28,860
Keehi Small Boat Harbor	277,537
Haleiwa Small Boat Harbor	202,272
Heeia Kea Small Boat Harbor	169,876
Waianae Small Boat Harbor	133,530
Maunalua Bay Ramp	43,105
Sand Island Ramp	1,900
Lahaina Harbor	855,963
Maalaea Small Boat Harbor	843,691
Kihei Boat Ramp	109,875
Mala Boat Ramp	92,540
Kahului Boat Ramp	400
Kaunakakai Boat Harbor	38,710
Manele Bay Small Boat Harbor	115,643
Kaanapali	222,617
Honokohau Small Boat Harbor	1,005,805
Keauhou Boat Harbor	24,330
Kailua-Kona Pier	225,414
Reed's Bay	7,454
Puako Ramp	14,136
Nawiliwili Small Boat Harbor	178,215
Kikiaola Small Boat Harbor	56,949
Kukuiula Small Boat harbor	55,990
Wailua River Ramp	63,380

**Total Estimated Reporting Gaps** 4,773,498

**Total Estimated Reportable Receipts** \$ 7,253,516



### *Financial Reporting*

Attachment 15 included DLNR's Public Trust Land receipts for DOFAW, State Parks, and Land Division. DLNR personnel provided the Fund Summary Revenue worksheet for the fiscal year ended June 30, 2012. The Fund Summary Revenue worksheet contains the receipts of the Na Ala Hele Program ("Na Ala Hele"), Forest Stewardship Fund ("Steward"), and the Recreational Renaissance – Forest ("RRF"), which are the funds used by DOFAW to account for its receipts. We agreed the balances to the DOFAW receipts reported in Attachment 15.

We obtained DLNR's June 30, 2012 audited financial statements to confirm that the amounts reported in the financial statements were included in Attachment 15. DLNR also provided the Working Trial Balance for the Na Ala Hele, Steward, and RRF funds. KMH confirmed that the Na Ala Hele, Steward, and RRF receipts were included in the June 30, 2012 audited financial statements.

### Summary and Differences for DOFAW

#### *Land Inventory*

Because of the varying operations among the DOFAW Districts, we contacted DOFAW District Managers on O'ahu, Maui, Kaua'i, and Hawai'i to gain an understanding of their Districts' various receipts from the use of Public Trust Land. Through those discussions, and using the revenue detail provided in the Summary Revenue Worksheet, we identified the sale of seedlings as a potential revenue gap. Accordingly, we reviewed the SLIMS database for Nurseries and Base Yards owned by DLNR and found the majority of these properties are on Public Trust Land and are more fully discussed in the Financial Reporting section.

#### *Financial Reporting*

The total receipts per Attachment 15 for DOFAW were \$941,897. These receipts were from DOFAW's Na Ala Hele, Steward, and RRF programs. We compared the reported receipts to the detail provided in DLNR's June 30, 2012 audited financial statements. The audited financial statements included receipts that were not reported in Attachment 15. They are \$3,909 from interest earned on temporary investment of cash received; \$57,966 from sale of seedlings; and \$780 in fees for non-conformance to the State Conservation Requirements.

There is no distinction of these other receipts between Public Trust Land and Non-Public Trust Land. Comparing all other receipts specifically identified to Public Trust Land to total of all other receipts of DOFAW, we determined that receipts from Public Trust Land represented 58.85% of the total. We applied that percentage to the interest earned, sale of seedlings, and fees for non-conformance to estimate the amounts attributable to Public Trust Land. The estimates are presented as Reporting Gaps.



Reporting Gaps

**Public Trust Land Receipts**

**As Reported by DOFAW** \$ 941,897

**Estimated Reporting Gaps**

Financial Reporting (58.85% of total)

Interest 2,300

Sale of Seedlings 34,111

Fees for Non-Conformance 459

**Total Estimated Reporting Gaps** 36,870

**Total Estimated Reportable Receipts** \$ 978,767



## **P. Land Division, Department of Land and Natural Resources**

### Background

The Land Division of the Department of Land and Natural Resources (“Land Division”) is responsible for the management of State-owned lands in ways that will promote the well-being of Hawai‘i’s people and ensure that these lands are used in accordance with the goals, policies, and plans of the State of Hawai‘i. Land that is not set aside for use by other government agencies comes within the direct purview of the Land Division.

The Land Division determines if DLNR’s locations that generate revenue are considered Public Trust Land. For each property that generates revenue, DLNR requires a “fiscal memo” be prepared. The fiscal memo is the basis used to then record receipts from the property and is required when a parcel of property begins generating revenue. The fiscal memo is completed by department personnel using information in SLIMS. In situations when the land involved consists of Public Trust Land and non-Public Trust Land, the Land Division abstractor determines the Public Trust Land portion upon request. Land Division’s receipts from activities related to Public Trust Land consist of lease rents, permit fees, reimbursements, interest earned on temporarily invested cash and land sales. The receipts are recorded and accounted for separately within FAMIS. Land Division uses the cash basis method to record the receipts for Public Trust Land by individual land parcels. The Land Division’s method of reporting Public Trust Land receipts is to report all cash receipts related to Public Trust Land accounts, except for reimbursements and interest.

Land Division reported \$13,655,985 pursuant to Act 178 for the fiscal year ended June 30, 2012.

### Procedures Performed

#### *Land Inventory*

We obtained *Attachment 15 to the DLNR Act 178 Report – (DLNR) Except Boating* (“Attachment 15”). We did not prepare a reconciliation of Public Trust Land parcels reported by the Land Division with the OHA Inventory Report because the Land Division did not report receipts by TMK. Land Division reported by summarizing its receipts for Public Trust Land by receipt type, supported by a download of all the receipt transactions by type for the fiscal year ended June 30, 2012. To determine if the transactions were properly recorded as being related to Public Trust Land or not, we judgmentally selected a sample of the Land Division’s Public Trust Land and non-Public Trust Land receipt transactions. The sample was judgmentally selected to include transactions for different revenue types, locations, and from different months of the year. For transactions selected, we noted that all receipts were recorded in accordance with the land status information recorded in SLIMS. For those receipts selected which pertained to parcels for which the transaction required a fiscal memo in the fiscal year ended June 30 2012, we reviewed the fiscal memo and determined that the fiscal memo was supported by the underlying land status information in SLIMS. Fiscal memos are prepared when parcels of land first generate receipts. The fiscal memos note whether the land is Public Trust Land and the disposition of the receipts, including a pro-rata share to OHA, as appropriate.



*Financial Reporting*

DLNR personnel provided the Fund Summary Revenue worksheet for the fiscal year ended June 30, 2012. The Fund Summary Revenue worksheet contains the revenue for each DLNR fund by appropriation number (program) and source code (revenue type). We confirmed that receipts from Public Trust Land per the Fund Summary Revenue worksheet were reported in Attachment 15.

DLNR also provided the working trial balance for the Special Land Development Fund (“SLDF”) and the Water Resource Fund (“WRF”), which are the funds used by Land Division to account for its receipts. Using the Working Trial Balance, we agreed SLDF and WRF revenue per the Fund Summary Revenue worksheet to the June 30, 2012 audited financial statements.

Summary and Differences for Land Division

*Financial Reporting*

We confirmed that receipts reported in Attachment 15 were included as revenue in the June 30, 2012 audited financial statements. However, we noted the financial statements included reimbursements of \$34,095 and interest of \$85,987 which were not included in Attachment 15. The reimbursements were received by DLNR for payment of the monthly water bill on the tenant’s behalf from a Public Trust Land parcel. These were the only reimbursements that we identified that DLNR did not report. The interest received related to the temporary investment from amounts received from Public Trust Land and, therefore, are related to the receipts from the Public Trust Land. We have included both as Reporting Gaps.

Reporting Gaps

<b>Public Trust Land Receipts</b>	
<b>As Reported by Land Division</b>	\$ 13,655,985
<b>Estimated Reporting Gaps</b>	
Financial Reporting	
Interest	85,987
Reimbursements	34,095
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<b>Total Estimated Reporting Gaps</b>	120,082
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<b>Total Estimated Reportable Receipts</b>	<b>\$ 13,776,067</b>
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## R. State Parks Division, Department of Land and Natural Resources

### Background

The State Parks Division (“State Parks”) of the Department of Land and Natural Resources manages and administers 52 state parks encompassing nearly 25,000 acres on the five major islands. These parks offer varied outdoor recreation and heritage opportunities. The park environments range from landscaped grounds with developed facilities to wild areas with trails and primitive facilities.

For each State Parks parcel that generates revenue, DLNR requires a “fiscal memo” be prepared. The fiscal memo is the basis used to then record receipts from the property and is required when a parcel of property begins generating revenue. The fiscal memo is completed by department personnel using information in SLIMS. In situations when the land involved consists of Public Trust Land and non-Public Trust Land, the Land Division abstractor determines the Public Trust Land portion upon request. State Parks’ receipts from activities related to Public Trust Land consist of camping permits, cabin rentals, parking fees, entry fees, concessions, and landing fees. The receipts are recorded and accounted for separately within FAMIS. State Parks uses the cash basis method to record the receipts for Public Trust Land by individual land parcels. State Parks’ method of reporting Public Trust Land receipts is to report all cash receipts related to Public Trust Land.

State Parks reported \$3,347,677 pursuant to Act 178 for the fiscal year ended June 30, 2012.

### Procedures Performed

#### *Land Inventory*

We obtained *Attachment 15 to the DLNR Act 178 Report – (DLNR) Except Boating* (“Attachment 15”). We did not prepare a reconciliation of Public Trust Land parcels reported by State Parks with the OHA Inventory Report because State Parks did not report receipts by TMK. State Parks reported by summarizing its receipts for Public Trust Land by receipt type, supported by a download of all the receipt transactions by type for the fiscal year ended June 30, 2012. To determine if the transactions were properly recorded as being related to Public Trust Land or not, we judgmentally selected a sample of the State Park’s Public Trust Land and non-Public Trust Land receipt transactions. The sample was judgmentally selected to include transactions for different revenue types, locations, and from different months of the year. For transactions selected, we noted that all receipts were recorded in accordance with the land status information recorded in SLIMS. For those receipts selected which pertained to parcels for which the transaction required a fiscal memo in the fiscal year ended June 30 2012, we reviewed the fiscal memo and determined that the fiscal memo was supported by the underlying land status information in SLIMS. Fiscal memos are prepared when parcels of land first generate receipts. The fiscal memos note whether the land is Public Trust Land and the disposition of the receipts, including a pro-rata share to OHA, as appropriate. Additionally, we reviewed OHA’s listing of revenue gaps which noted the lack of revenue reported from ‘Iolani Palace.



### *Financial Reporting*

DLNR personnel provided the Fund Summary Revenue worksheet for the fiscal year ended June 30, 2012. The Fund Summary Revenue worksheet contains the revenue for the State Parks Operation Fund (“SPOF”), State Parks Fund (“SPF”), and Recreational Renaissance Fund (“RRF”), which are the funds used by State Parks to account for its receipts. We agreed the Public Trust Land receipts to Attachment 15.

DLNR also provided the Working Trial Balance used for the preparation of its June 30, 2012 audited financial statements. Using the Working Trial Balance we agreed the SPOF, SPF, and RRF revenue per the Fund Summary Revenue worksheet to the audited financial statements.

### Summary and Differences for State Parks

#### *Land Inventory*

State Parks also is responsible for the land on which ‘Iolani Palace is situated. State Parks has leased ‘Iolani Palace to the Friends of ‘Iolani Palace. The lease agreement requires lease rent payment to State Parks of fifty percent (50%) of annual gross ticket sales in excess of \$1,000,000. State Parks has received no lease payments from the Friends of ‘Iolani Palace. It also could not provide KMH with any reports on ticket sale receipts from the Friends of ‘Iolani Palace. It is unknown if or when annual ticket sales have exceeded the \$1,000,000 threshold and, therefore, if there is a Reporting Gap associated with this lease. However, we included these unknown receipts as a Reporting Gap.

It is noted that the land on which parking stalls adjacent to ‘Iolani Palace are situated is the responsibility of the Automotive Management Division of the Department of Accounting and General Services and is discussed in that section of this report.

#### *Financial Reporting*

We confirmed that receipts reported in Attachment 15 were included as revenue in the audited financial statements. From our sampling of Public Trust Land and non-Public Trust Land transactions, we found that all receipt transactions were recorded in accordance with the land status information recorded in SLIMS. As a result, we found no Reporting Gaps from our review of financial information and reports.



Reporting Gaps

**Public Trust Land Receipts**

**As Reported by State Parks** \$ 3,347,677

**Estimated Reporting Gaps**

Land Inventory

‘Iolani Palace percentage of ticket sales<sup>6</sup> Unknown

**Total Estimated Reportable Receipts** \$ 3,347,677

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<sup>6</sup> Due to the lack of any supporting information regarding the percentage rent on ‘Iolani Palace ticket sales, no amount is presented as there is no basis to form an estimate.



## HCR6

### **REQUESTING THAT THE EXECUTIVE BRANCH PROVIDE ACCURATE AND COMPLETE ACCOUNTING OF PUBLIC LAND TRUST REVENUES UNDER SECTION 5 OF ACT 178, SESSION LAWS OF HAWAII 2006**

House Committee on Ocean, Marine Resources, & Hawaiian Affairs

March 25, 2015

9:00 a.m.

Room 325

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The Office of Hawaiian Affairs (OHA) **STRONGLY SUPPORTS** HCR6, which is a resolution in OHA's 2015 Legislative Package. This resolution seeks to ensure that the Administration, the Legislature, OHA, OHA's beneficiaries, and the general public are fully and correctly informed regarding the amount of revenues actually generated from public land trust lands, by requesting complete and accurate accounting of all public land trust receipts in the annual reports required by Act 178 (Reg. Sess. 2006).

Act 178 established OHA's interim pro rata portion of public land trust revenues as \$15.1 million annually, and requires the Department of Land and Natural Resources (DLNR), with the cooperation of other state agencies, to submit annual reports on all public land trust receipts to the Legislature. Act 178 specifically stated that the \$15.1 million interim amount was to be temporary, and subject to future adjustment; accordingly, the annual reports Act 178 requires are critical to future discussions and analyses regarding the amount of public land trust revenues potentially subject to OHA's constitutionally-recognized pro rata share.

In order to verify the accuracy of the Act 178 reports being submitted to the Legislature, OHA worked with the Office of the Attorney General and state agencies to conduct a financial review of public land trust receipts for fiscal year 2012. The findings of this review indicated that significant public land trust receipts went unreported in the state's fiscal year 2012 Act 178 report. Some, but not all, of these omissions were corrected in the 2013 and 2014 Act 178 reports. OHA believes that correcting these outstanding omissions is critical to analyzing and fulfilling the state's trust obligations relating to the public land trust and OHA, going forward.

As explicitly contemplated in Act 178, the amount of public land trust revenues subject to OHA's pro rata share requires further analysis. Accurate and complete Act 178 reports are indispensable to this analysis. Accordingly, this resolution asks that the executive branch provide accurate and complete Act 178 reports.

Therefore, OHA strongly urges the Committees to **PASS** HCR6. Mahalo nui loa for the opportunity to testify.

Association of Hawaiian Civic Clubs  
Benefits and Trusts Committee  
P.O. Box 1135  
Honolulu, HI 96807

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**STRONGLY SUPPORT HCR 6**  
REQUESTING THAT THE EXECUTIVE BRANCH PROVIDE ACCURATE AND  
COMPLETE ACCOUNTING OF PUBLIC LAND TRUST REVENUES UNDER SECTION 5  
OF ACT 178, SESSION LAWS OF HAWAII 2006

HOUSE COMMITTEE ON  
OCEAN, MARINE RESOURCES, & HAWAIIAN AFFAIRS  
Wednesday, March 25, 2015 9:00 AM. Rm. 325

Aloha Chair Ing and members of the OMH committee,

Members of the Benefits and Trusts Committee of the Association of Hawaiian Civic Clubs (AHCC) is responsible for monitoring and advocating issues surrounding Hawaiian Home Lands, Public (Ceded) Lands Trust, and the Ali'i Trusts. During our annual convention, Delegates comprised of sixty-seven clubs from across the State of Hawaii and the U.S. Continent deliberate with the intent to better the conditions of Native Hawaiians as stated in Act 178 section 5(f). For many years, resolutions and pleads for an accurate accounting of the ceded lands and revenues generated under law have been "hot topic" items on the agenda.

January 2015, the AHCC Board of Directors met with OHA staff to review their legislative package, and after informed discussions the AHCC Board agreed to support the entire OHA package. Based on the AHCC's Benefits and Trusts Committee discussions, its Board of Director's decision to support, and on the State's obligation to the Native Hawaiian people (Act 178, section 5(f)), I URGE THIS COMMITTEE TO STRONGLY SUPPORT HCR 6.

An accurate and complete accounting of Public Lands Trust of the State will result in carrying out the responsible duties put forth for the Native Hawaiians, and will also benefit the general public.

Mahalo for hearing this resolution.

Mahalo,  
Shane Nelsen  
Chair



## **Association of Hawaiian Civic Clubs**

P. O. Box 1135  
Honolulu, Hawai`i 96807

### **HOUSE COMMITTEE ON OCEAN MARINE RESOURCES & HAWAIIAN AFFAIRS**

#### **HCR 6 REQUESTING THAT THE EXECUTIVE BRANCH PROVIDE ACCURATE AND COMPLETE ACCOUNTING OF PUBLIC LAND TRUST REVENUES UNDER SECTION 5 OF ACT 178, SESSION LAWS OF HAWAII 2006**

Wednesday, 3/25/15; 9:00 am; Room 325

Aloha Chairman Ing, Vice Chair Lowen and members of the House Committee on OMRHA. The Association of Hawaiian Civic Clubs(AHCC), comprised of sixty-seven component clubs in each county of Hawaii and 16 states on the continent has for many years called for an accurate accounting of the ceded lands and the revenues generated under the law.

On January 17 the AHCC held a quarterly Board of Directors meeting and OHA staff presented the agency's legislative package for our review. After some discussion it was unanimously agreed that the AHCC would support OHA's measures.

In particular, the request for an accounting of the public land trust revenue from the executive branch was very familiar as we have seen this same attempt for an accurate accounting many times over the years. Native Hawaiians and the general public deserve to know why the State's accounts are so under reported compared to the accounting by an independent consultant hired by OHA.

An accurate accounting by the State and resultant revenue will benefit OHA, of course, but the pro rata share to the general public will be much more beneficial. We are hopefully urge that this accounting takes place in the near future. Mahalo.

Contact: [Jalna.keala2@hawaiiantel.net](mailto:Jalna.keala2@hawaiiantel.net)

From: mailinglist@capitol.hawaii.gov  
Sent: Monday, March 23, 2015 7:57 PM  
To: omhtestimony  
Cc: mkhan@hawaiiantel.net  
Subject: Submitted testimony for HCR6 on Mar 25, 2015 09:00AM

**HCR6**

Submitted on: 3/23/2015

Testimony for OMH on Mar 25, 2015 09:00AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Leimomi Khan	Kalihi Palama Hawaiian Civic Club	Support	No

Comments: We strongly urge you to SUPPORT HCR6 which is a resolution that requests that the executive branch provide accurate and complete Act 178 reports. Act 178 was enacted as a temporary measure to provide OHA with an annual amount of \$15.1 million in public land trust revenues until further action is taken by the Legislature. Accurate and complete reports enable the Executive Branch and the Legislature to be diligent in assuring that a continuing accurate basis of data is used to determine OHA's annual pro rate share. Rising costs and inflation impact upon OHA's ability to provide sound programs and services to the Native Hawaiian community, thus, they must assure fair and just distribution of public land trust revenues. We urge the committee to PASS this measure.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, March 24, 2015 9:53 AM  
To: omhtestimony  
Cc: ds.pups08@gmail.com  
Subject: \*Submitted testimony for HCR6 on Mar 25, 2015 09:00AM\*

**HCR6**

Submitted on: 3/24/2015

Testimony for OMH on Mar 25, 2015 09:00AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dawn Tanimoto	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, March 24, 2015 8:55 AM  
To: omhtestimony  
Cc: kaliko08@gmail.com  
Subject: Submitted testimony for HCR6 on Mar 25, 2015 09:00AM

**HCR6**

Submitted on: 3/24/2015

Testimony for OMH on Mar 25, 2015 09:00AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Donna K Santos	Individual	Support	No

Comments: I am from Kauai and I strongly SUPPORT HCR6 which is a resolution that requests that the executive branch provide accurate and complete Act 178 reports. I urge the committee to PASS this measure.

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From: mailinglist@capitol.hawaii.gov  
Sent: Monday, March 23, 2015 8:38 PM  
To: omhtestimony  
Cc: kealii.lopez@gmail.com  
Subject: Submitted testimony for HCR6 on Mar 25, 2015 09:00AM

**HCR6**

Submitted on: 3/23/2015

Testimony for OMH on Mar 25, 2015 09:00AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kealii Lopez	Individual	Support	No

Comments: Thank you for the opportunity to provide testimony in Support of HCR6. I strongly urge you to pass this resolution, which requests that the executive branch provide accurate and complete Act 178 reports. Act 178 was enacted as a temporary measure to provide OHA with an annual amount of \$15.1 million in public land trust revenues until further action is taken by the Legislature. Accurate and complete reports enable the Executive Branch and the Legislature to be properly informed and assured that well-founded data is used in determining OHA's annual prorated portion of public land trust revenues. Rising costs and inflation have had a significant impact upon OHA's ability to provide and fund highly beneficial programs and services to the Native Hawaiian community. OHA must be assured of transparent and lawful distribution of public land trust revenues. Your support and kokua to the beneficiaries of OHA's efforts are greatly appreciated. Please PASS this measure. Me ka mahalo nui

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From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, March 24, 2015 9:44 AM  
To: omhtestimony  
Cc: igoraaina@hotmail.com  
Subject: Submitted testimony for HCR6 on Mar 25, 2015 09:00AM

**HCR6**

Submitted on: 3/24/2015

Testimony for OMH on Mar 25, 2015 09:00AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mary Gora-Aina	Individual	Support	No

Comments: I strongly SUPPORT HCR6 Act 178 was enacted as a temporary measure to provide OHA with an annual amount of \$15.1 million in public land trust revenues until further action is taken by the Legislature. I believe that the legislature, the executive branch, and OHA and its beneficiaries must have an accurate basis of data to analyze what OHA's annual pro rata share should be. This resolution is an opportunity to revisit the long-standing issue of public land trust revenue that is owed to the Office of Hawaiian Affairs, which the agency uses to improve the conditions of Native Hawaiians. I urge the committee to PASS this measure.

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omhtestimony

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From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, March 24, 2015 11:44 AM  
To: omhtestimony  
Cc: noalania@gmail.com  
Subject: \*Submitted testimony for HCR6 on Mar 25, 2015 09:00AM\*

**HCR6**

Submitted on: 3/24/2015

Testimony for OMH on Mar 25, 2015 09:00AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Noalani Nakasone	Individual	Support	No

Comments:

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omhtestimony

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From: mailinglist@capitol.hawaii.gov  
Sent: Monday, March 23, 2015 2:47 PM  
To: omhtestimony  
Cc: jching808@gmail.com  
Subject: \*Submitted testimony for HCR6 on Mar 25, 2015 09:00AM\*

**HCR6**

Submitted on: 3/23/2015

Testimony for OMH on Mar 25, 2015 09:00AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jon	Individual	Support	No

Comments:

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omhtestimony

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From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, March 24, 2015 2:29 PM  
To: omhtestimony  
Cc: kamakane73@gmail.com  
Subject: \*Submitted testimony for HCR6 on Mar 25, 2015 09:00AM\*

**HCR6**

Submitted on: 3/24/2015

Testimony for OMH on Mar 25, 2015 09:00AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kama Hopkins	Individual	Support	No

Comments:

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omhtestimony

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From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, March 24, 2015 2:28 PM  
To: omhtestimony  
Cc: robertl@oha.org  
Subject: \*Submitted testimony for HCR6 on Mar 25, 2015 09:00AM\*

**HCR6**

Submitted on: 3/24/2015

Testimony for OMH on Mar 25, 2015 09:00AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Robert K. Lindsey, Jr.	Individual	Support	No

Comments:

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**LATE**

**House Committee Ocean, Marine Resources, & Hawaiian Affairs (OMH)  
Wednesday, March 25, 2015 | 9:00 a.m. | Conference Room 325  
In SUPPORT of HCR6**

The Hawaiian Affairs Caucus strongly supports the passage of this resolution which requests that the Executive Branch provide accurate and complete accounting of public land trust revenues under section 5 of Act 178, Session Laws of Hawaii 2006.

Act 178 was enacted as a temporary measure to provide the Office of Hawaiian Affairs with an annual amount of \$15.1 million in public land trust revenues until further action is taken by the legislature. Accurate and complete reports enable the Executive Branch and the Legislature to be diligent in assuring that a continuing accurate basis of data is used to determine OHA's annual pro rata share. Rising costs and inflation impact upon OHA's ability to provide sound programs and services to the Native Hawaiian community, thus they must assure fair and just distribution of public land trust revenue.

Mahalo for the opportunity to testify in support of HCR6.

Davis Price  
Chair