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# A BILL FOR AN ACT

RELATING TO INCREASING THE PAYMENT AMOUNT FOR THE OFFICE OF  
HAWAIIAN AFFAIRS' PRO RATA SHARE OF THE PUBLIC LAND TRUST.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that in 1978, the state  
2 constitution was amended to include article XII, sections 4, 5,  
3 and 6, which established the office of Hawaiian affairs and its  
4 board of trustees.

5           The legislature further finds that Act 273, Session Laws of  
6 Hawaii 1980, enacted as section 10-13.5, Hawaii Revised  
7 Statutes, implements the office of Hawaiian affairs' pro rata  
8 share and provides that "[t]wenty per cent of all funds derived  
9 from the public land trust . . . shall be expended by the office  
10 . . . for the purposes of this chapter."

11           This legislative directive has led to a series of lawsuits  
12 concerning the office of Hawaiian affairs' constitutional pro  
13 rata share and the statutory allocation of twenty per cent of  
14 all funds that the legislature established to implement article  
15 XII, sections 4 and 6, of the state constitution. In *Trustees*  
16 *of the Office of Hawaiian Affairs v. Yamasaki*, 737 P.2d 446



1 (1987), the Hawaii supreme court concluded that it was unable to  
2 determine the parameters of section 10-13.5, Hawaii Revised  
3 Statutes, because the issue of how the twenty per cent  
4 apportionment is formulated was a political question for the  
5 legislature to determine.

6 In response to the *Yamasaki* decision, the office of  
7 Hawaiian affairs and the governor's office entered into lengthy  
8 negotiations and submitted to the legislature an agreement to  
9 clarify the extent and scope of the twenty per cent portion.  
10 The legislature, based on this agreement, enacted Act 304,  
11 Session Laws of Hawaii 1990.

12 In a memorandum dated April 28, 1993, the office of  
13 Hawaiian affairs and the State memorialized the results of their  
14 negotiations and noted that the office of state planning and the  
15 office of Hawaiian affairs "recognize and agree that the amount  
16 specified does not include several matters regarding revenue  
17 which [the office of Hawaiian affairs] has asserted is due [the  
18 office of Hawaiian affairs] and which [the office of state  
19 planning] has not accepted and agreed to."



1           These disagreements led to litigation. The office of  
2 Hawaiian affairs specified that it was seeking its pro rata  
3 share of revenues received by the State based on:

- 4           (1) Waikiki duty free receipts (in connection with the  
5           lease of ceded lands at the Honolulu International  
6           Airport);
- 7           (2) Hilo Hospital patient services receipts;
- 8           (3) Receipts from the Hawaii housing authority and the  
9           housing finance and development corporation for  
10           projects situated on ceded lands; and
- 11           (4) Interest earned on withheld revenues.

12 On October 24, 1996, the trial court granted the office of  
13 Hawaiian affairs' motion for partial summary judgment on each of  
14 its aforementioned claims. The State appealed.

15           On September 12, 2001, the Hawaii supreme court ruled in  
16 *Office of Hawaiian Affairs v. State of Hawaii*, 31 P.3d 901  
17 (2001) ("OHA I"), that Act 304 was effectively repealed by its  
18 own terms, so that once again, it was necessary for the  
19 legislature to clarify the office of Hawaiian affairs'  
20 constitutional pro rata share and the statutory allocation of  
21 twenty per cent of all funds to be managed and administered by



1 the office of Hawaiian affairs. In its decision, the Hawaii  
2 supreme court affirmed *Yamasaki*, observing:

3 "[T]he State's obligation to native Hawaiians is firmly  
4 established in our constitution. How the State satisfies  
5 that constitutional obligation requires policy decisions  
6 that are primarily within the authority and expertise of  
7 the legislative branch. As such, it is incumbent upon the  
8 legislature to enact legislation that gives effect to the  
9 right of native Hawaiians to benefit from the ceded lands  
10 trust. See Haw. Const. art. XVI, section 7 . . . [W]e  
11 trust that the legislature will re-examine the State's  
12 constitutional obligation to native Hawaiians and the  
13 purpose of HRS §10-13.5 and enact legislation that most  
14 effectively and responsibly meets those obligations.

15 *Office of Hawaiian Affairs v. State of Hawaii*, 31 P.3d at  
16 914 (citations omitted)."

17 On April 28, 2006, the Hawaii supreme court ruled in *Office*  
18 *of Hawaiian Affairs v. State of Hawaii*, 133 P.3d 767, 795 (2006)  
19 (OHA II), that consistent with its ruling in *OHA I*, "it is  
20 incumbent upon the legislature to enact legislation that gives



1 effect to the right of native Hawaiians to benefit from the  
2 ceded lands trust."

3 Subsequently, Act 178, Session Laws of Hawaii 2006 (Act  
4 178), which took effect on June 7, 2006, stated:

5 "The legislature acknowledges that the State's obligation  
6 to native Hawaiians is firmly established in the state  
7 constitution. (See Haw. Const. art XII)."

8 While finding that "many complex issues require the  
9 legislature's further attention and consideration in the wake of  
10 the repeal of Act 304," Act 178 was enacted with a stated  
11 purpose of providing "interim measures to ensure that an  
12 adequate amount of income and proceeds is made available to the  
13 office of Hawaiian affairs from the pro rata portion of the  
14 public land trust, for the betterment of the conditions of  
15 native Hawaiians." Act 178 carried out this purpose by  
16 requiring:

17 "[Until] further action is taken by the legislature for  
18 this purpose, the income and proceeds from the pro rata  
19 portion of the public land trust under article XII, section  
20 6, of the state constitution for expenditure by the office  
21 of Hawaiian affairs for the betterment of the conditions of



1 native Hawaiians for each fiscal year beginning with fiscal  
2 year 2005-2006 shall be \$15,100,000."

3 Subsequently, addressing past-due amounts owed to the  
4 office of Hawaiian affairs, Act 15, Session Laws of Hawaii 2012  
5 (Act 15), was enacted to implement an agreement between the  
6 State and the office of Hawaiian affairs for the State to convey  
7 certain lands in Kakaako Makai on Oahu valued at approximately  
8 \$200,000,000 to allow the State to give effect to the right of  
9 native Hawaiians to benefit from the public land trust and to  
10 fulfill its constitutional obligations under article XII,  
11 sections 4 and 6 of the state constitution for the period  
12 between November 7, 1978, up to and including June 30, 2012,  
13 relating to the office of Hawaiian affairs' portion of the  
14 income and proceeds from the public land trust.

15 However, Act 15 did not address the State's constitutional  
16 obligations under article XII, sections 4 and 6 relating to the  
17 office of Hawaiian affairs' pro rata share of the income and  
18 proceeds from the public land trust after June 30, 2012.

19 Act 178 remained in effect as a purely interim legislative  
20 measure setting the office of Hawaiian affairs' annual income  
21 and proceeds from the public land trust for the betterment of



1 the conditions of native Hawaiians at \$15,100,000 beginning in  
2 fiscal year 2005-2006, pending further legislative action on the  
3 subject.

4 The second purpose of Act 178 was the identification of  
5 "revenue-generating public trust lands and the amounts derived  
6 from those lands by requiring that the department of land and  
7 natural resources provide an annual accounting to the  
8 legislature." For fiscal years 2011-2012, 2012-2013, 2013-2014,  
9 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-  
10 2020, and 2020-2021, the State reported to the legislature total  
11 gross public land trust revenues in the amounts of \$150,939,203,  
12 \$159,971,589, \$163,322,176, \$178,043,261, \$177,617,893,  
13 \$202,528,564, \$225,079,055, \$289,767,657, and \$229,631,870,  
14 respectively, or an average of \$197,433,474 over the ten fiscal  
15 years. Twenty per cent of the average reported gross revenue  
16 for fiscal years 2011-2012 through 2020-2021 is \$39,486,695.  
17 The current overpayments to the office of Hawaiian affairs for  
18 fiscal years 2011-2012 through 2020-2021 total approximately  
19 \$25,000,000.

20 The legislature finds that it is now in the best interests  
21 of the office of Hawaiian affairs, the State, and all citizens



1 of Hawaii to enact another interim legislative measure regarding  
2 the office of Hawaiian affairs' constitutional pro rata share of  
3 the public land trust for the betterment of the conditions of  
4 native Hawaiians, in light of the information, data, and facts  
5 provided to the legislature by state agencies over the last ten  
6 fiscal years.

7 The legislature further finds that a public land trust  
8 revenues negotiating committee within the office of Hawaiian  
9 affairs is necessary to resolve these outstanding questions.  
10 Given the sensitive nature of the anticipated negotiations and  
11 the respective positions of the parties, including the  
12 membership of the governor or the governor's representative, the  
13 legislature finds it necessary to provide an exemption from part  
14 I, chapter 92, Hawaii Revised Statutes, thereby precluding  
15 public participation in the process. Moreover, the ultimate  
16 settlement and details resulting from the public land trust  
17 negotiating committee shall be approved by the legislature,  
18 which process shall be open to public comment.

19 Accordingly, the purpose of this Act is to serve as a  
20 purely interim measure to:



- 1           (1) Return to the office of Hawaiian affairs certain  
2           moneys that the office of Hawaiian affairs transferred  
3           to the State in response to claims by the department  
4           of budget and finance that the moneys constituted  
5           overpayments of public land trust receipts to the  
6           office of Hawaiian affairs for fiscal years 2012-2013,  
7           2013-2014, and 2014-2015, 2015-2016, 2016-2017, 2017-  
8           2018, 2018-2019, 2019-2020, and 2020-2021; establish  
9           that any claimed overpayments to the office of  
10          Hawaiian affairs for fiscal years 2021-2022 and 2022-  
11          2023 are not required to be returned to the State; and  
12          ensure that any shortfalls in quarterly amounts paid  
13          to the office of Hawaiian affairs under this Act are  
14          timely paid to the office of Hawaiian affairs upon  
15          discovery of the shortfall; and
- 16          (2) Establish a public land trust revenues negotiating  
17          committee to make recommendations to the legislature  
18          for resolving the matter of the amount of the income  
19          and proceeds from the public land trust that the  
20          office of Hawaiian affairs shall receive annually.



1 SECTION 2. Notwithstanding the provisions of Act 178,  
2 Session Laws of Hawaii 2006; chapter 10, Hawaii Revised  
3 Statutes, and the requirements of executive order 06-06;  
4 beginning in fiscal year 2021-2022:

5 (1) All departments and agencies that collect receipts for  
6 the use, sale, lease, or other disposition of the  
7 public land trust shall each fiscal quarter transfer  
8 to the office of Hawaiian affairs twenty per cent of  
9 each receipt derived from the use, sale, lease, or  
10 other disposition of the public land trust, unless  
11 precluded by federal law; provided that in no event  
12 shall the total amount of receipts transferred to the  
13 office of Hawaiian affairs for any fiscal quarter be  
14 less than \$ ; and

15 (2) If at any time the department of budget and finance,  
16 office of Hawaiian affairs, or any other state agency  
17 discovers that the total amount of receipts  
18 transferred to the office of Hawaiian affairs for any  
19 fiscal quarter fell short of the amount required by  
20 this Act, the director of finance or the director's  
21 designee shall ensure that within ten days of the



1           discovery of the shortfall, an amount equal to the  
2           shortfall be transferred to the office of Hawaiian  
3           affairs.

4           For the purposes of this section, "receipt" means all  
5   proceeds, fees, charges, rents, or other income, or any portion  
6   thereof, derived from any sale, lease, license, permit, or other  
7   similar proprietary disposition, permitted use, or activity,  
8   that is situated upon and results from the actual use of lands  
9   comprising the public land trust, and including any penalties or  
10  levies exacted as a result of a violation of the terms of any  
11  proprietary disposition, but excluding any income, proceeds,  
12  fees, charges, or other moneys derived through the exercise of  
13  sovereign functions and powers including:

- 14           (1) Taxes;
- 15           (2) Regulatory or licensing fees;
- 16           (3) Fines, penalties, or levies;
- 17           (4) Registration fees;
- 18           (5) Moneys received by any public educational institution,  
19           including the University of Hawaii, and the community  
20           college system, from its educational programs and



- 1 ancillary services, such as tuition, registration
- 2 fees, meals, books, grants, or scholarships;
- 3 (6) Interagency and intra-agency administrative fees or
- 4 assessments;
- 5 (7) Moneys derived from or provided in support of penal
- 6 institutions and programs;
- 7 (8) Grants, carry-overs, and pass-throughs;
- 8 (9) Federal moneys, including federal-aid, grants,
- 9 subsidies, and contracts;
- 10 (10) Moneys collected from the sale or dissemination of
- 11 government publications; and
- 12 (11) Department of defense proceeds on state-improved
- 13 lands.

14 SECTION 3. Notwithstanding the provisions of Act 178,  
 15 Session Laws of Hawaii 2006; chapter 10, Hawaii Revised  
 16 Statutes, and the requirements of executive order 06-06; the  
 17 department of budget and finance shall provide to the office of  
 18 Hawaiian affairs the moneys in the carry-forward trust holding  
 19 account established pursuant to executive order 06-06 to which  
 20 the office of Hawaiian affairs transferred moneys in response to  
 21 claims by the department of budget and finance that the moneys



1 constituted overpayments of public-land-trust receipts to the  
 2 office of Hawaiian affairs for fiscal year 2012-2013, fiscal  
 3 year 2013-2014, fiscal year 2014-2015, fiscal year 2015-2016,  
 4 fiscal year 2016-2017, fiscal year 2017-2018, fiscal year 2018-  
 5 2019, fiscal year 2019-2020, and fiscal year 2020-2021, plus any  
 6 overpayment moneys the office of Hawaiian affairs transfers to  
 7 the carry-forward trust holding account for fiscal year 2021-  
 8 2022 and fiscal year 2022-2023. There shall be \$ to  
 9 be left in the holding account to act as contingency payments to  
 10 meet the minimum \$ quarterly payment.

11 SECTION 4. There is established a public land trust  
 12 revenues negotiating committee consisting of the president of  
 13 the senate or the president's designee, the speaker of the house  
 14 of representatives or the house speaker's designee, the governor  
 15 or the governor's designee, and the chairperson of the office of  
 16 Hawaiian affairs or the chairperson's designee. The committee  
 17 shall not be subject to the requirements of part I of chapter  
 18 92, Hawaii Revised Statutes.

19 The committee shall engage in discussions with the purpose  
 20 of resolving the matter of the amount of the income and proceeds  
 21 from the public land trust that the office of Hawaiian affairs



1 shall receive annually under the State Constitution and other  
2 state law. The committee shall submit a status report on the  
3 progress of the committee's discussions to the legislature no  
4 later than twenty days prior to the convening of the regular  
5 session of 2022, and shall submit a final report containing the  
6 committee's findings and recommendations, including any proposed  
7 legislation, to the legislature no later than twenty days prior  
8 to the convening of the regular session of 2023.

9 SECTION 5. Nothing in this Act shall resolve or settle the  
10 claims of native Hawaiians to the income and proceeds of a pro  
11 rata portion of the public land trust under article XII, section  
12 6, of the Hawaii State Constitution.

13 SECTION 6. Any funds transferred pursuant to this Act  
14 shall be deemed income and proceeds from the public land trust,  
15 just as if the funds had been paid out of the income and  
16 proceeds from the public land trust pursuant to article XII,  
17 section 6, of the Hawaii State Constitution.

18 SECTION 7. This Act shall take effect upon its approval.



**Report Title:**

Office of Hawaiian Affairs; Public Land Trust; Transfer of Moneys; Public Land Trust Revenues Negotiating Committee

**Description:**

Requires agencies that collect receipts for any disposition of the public land trust shall each fiscal quarter transfer to the Office of Hawaiian Affairs twenty per cent of each receipt from the disposition. Returns to the Office of Hawaiian Affairs certain moneys previously claimed as public land trust overpayments to the office. Establishes a public land trust revenues negotiating committee exempted from part I of chapter 92, Hawaii Revised Statutes. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

