



GOV. MSG. NO. 1399

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

July 12, 2022

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Thirty-First State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Thirty-First State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

I am transmitting herewith SB2623 SD2 HD2 CD1, without my approval and with the statement of objections relating to the measure.

SB2623 SD2 HD2 CD1

RELATING TO THE HAWAIIAN HOMES
COMMISSION ACT.

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

EXECUTIVE CHAMBERS

HONOLULU

July 12, 2022

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 2623

Honorable Members
Thirty-First Legislature
State of Hawai'i

Pursuant to Section 16 of Article III of the Constitution of the State of Hawai'i, I am returning herewith, without my approval, Senate Bill No. 2623, entitled "A Bill for an Act Relating to the Hawaiian Homes Commission Act."

The purpose of this bill is to amend sections 208 and 209 of the Hawaiian Homes Commission Act, 1920 (HHCA), to prohibit a lessee of, or successor to, a Department of Hawaiian Home Lands (DHHL) homestead lease who has sold or transferred the interest in the lease for personal gain, from being placed on any waiting list maintained by DHHL for an award of a homestead lease under section 207, HHCA.

This bill is objectionable because data collected by DHHL indicate that less than one-half of one percent of pastoral and agricultural homestead applications, and less than four percent of residential homestead applications, were submitted by beneficiaries who previously held a lease, and the majority of those were made to a family member without remuneration. Only a small number of applicants had transferred their lease for a fee or other personal gain and then applied for a subsequent lease. The bill therefore would not have an appreciable impact on other waiting list applicants' ability to receive homestead lease awards. The additional restrictions imposed by this bill could have unintended consequences for other beneficiaries. Further, DHHL's administrative rules already prioritize for new lease awards, those applicants who have not previously held homestead leases.

STATEMENT OF OBJECTIONS
SENATE BILL NO. 2623
Page 2

For the foregoing reasons, I am returning Senate Bill No. 2623 without my approval.

Respectfully,

A handwritten signature in black ink, appearing to read "David Y. Ige". The signature is fluid and cursive, with a large, sweeping "D" and a stylized "Ige".

DAVID Y. IGE

Governor of Hawai'i

A BILL FOR AN ACT

RELATING TO THE HAWAIIAN HOMES COMMISSION ACT.

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

1 SECTION 1. The legislature finds that certain native
2 Hawaiians who are eligible for a lease pursuant to the Hawaiian
3 Homes Commission Act, 1920, as amended, have acquired a lease,
4 sold or transferred their interest in the lease, and then placed
5 their name on the waiting list for a second lease of Hawaiian
6 home lands. This has contributed to many otherwise eligible
7 native Hawaiians never receiving a lease offer.

8 The legislature believes that all department of Hawaiian
9 home lands beneficiaries should be able to enter the Hawaiian
10 Homes Commission Act program with a reasonable expectation of
11 eventually receiving a lease.

12 The purpose of this Act is to prohibit lessees who sell or
13 transfer their interest in a Hawaiian home lands tract for
14 personal gain from being placed on the waiting list maintained
15 by the department of Hawaiian home lands for an additional
16 lease.

17 SECTION 2. Section 208 of the Hawaiian Homes Commission
18 Act, 1920, as amended, is amended to read as follows:



1 "§208. Conditions of leases. Each lease made under the
2 authority granted the department by section 207 of this Act, and
3 the tract in respect to which the lease is made, shall be deemed
4 subject to the following conditions, whether or not stipulated
5 in the lease:

- 6 (1) The original lessee shall be a native Hawaiian, [~~not~~]
7 no less than eighteen years of age. In case two
8 lessees either original or in succession marry, they
9 shall choose the lease to be retained, and the
10 remaining lease shall be transferred, quitclaimed, or
11 canceled in accordance with the provisions of
12 succeeding sections[-];
- 13 (2) The lessee shall pay a rental of \$1 a year for the
14 tract and the lease shall be for a term of ninety-nine
15 years; except that the department may extend the term
16 of any lease; provided that the approval of any
17 extension shall be subject to the condition that the
18 aggregate of the initial ninety-nine year term and any
19 extension granted shall not be for more than one
20 hundred ninety-nine years[-];



1 (3) The lessee may be required to occupy and commence to
2 use or cultivate the tract as the lessee's home or
3 farm or occupy and commence to use the tract for
4 aquaculture purposes, as the case may be, within one
5 year after the commencement of the term of the
6 lease~~[-]~~ i;

7 (4) The lessee thereafter, for at least such part of each
8 year as the department shall prescribe by rules, shall
9 occupy and use or cultivate the tract on the lessee's
10 own behalf~~[-]~~ i;

11 (5) The lessee shall not in any manner transfer to, or
12 otherwise hold for the benefit of, any other person or
13 group of persons or organizations of any kind, except
14 a native Hawaiian or Hawaiians, and then only upon the
15 approval of the department, or agree so to transfer,
16 or otherwise hold, the lessee's interest in the tract;
17 except that the lessee, with the approval of the
18 department, also may transfer the lessee's interest in
19 the tract to the following qualified relatives of the
20 lessee who are at least one-quarter Hawaiian:
21 ~~[husband, wife,]~~ spouse, child, or grandchild. A



1 lessee who is at least one-quarter Hawaiian who has
2 received an interest in the tract through succession
3 or transfer may, with the approval of the department,
4 transfer the lessee's leasehold interest to a [~~brother~~
5 ~~ex-sister~~] sibling who is at least one-quarter
6 Hawaiian. Such interest shall not, except in
7 pursuance of such a transfer to or holding for or
8 agreement with a native Hawaiian or Hawaiians or
9 qualified relative who is at least one-quarter
10 Hawaiian approved of by the department or for any
11 indebtedness due the department or for taxes or for
12 any other indebtedness the payment of which has been
13 assured by the department, including loans from other
14 agencies where such loans have been approved by the
15 department, be subject to attachment, levy, or sale
16 upon court process. The lessee shall not sublet the
17 lessee's interest in the tract or improvements
18 thereon; provided that a lessee may be permitted, with
19 the approval of the department, to rent to a native
20 Hawaiian or Hawaiians, lodging either within the



1 lessee's existing home or in a separate residential
2 dwelling unit constructed on the premises[-];

3 (6) Notwithstanding the provisions of paragraph (5), the
4 lessee, with the consent and approval of the
5 commission, may mortgage or pledge the lessee's
6 interest in the tract or improvements thereon to a
7 recognized lending institution authorized to do
8 business as a lending institution in either the State
9 or elsewhere in the United States; provided the loan
10 secured by a mortgage on the lessee's leasehold
11 interest is insured or guaranteed by the Federal
12 Housing Administration, Department of Veterans
13 Affairs, or any other federal agency and their
14 respective successors and assigns, which are
15 authorized to insure or guarantee such loans, or any
16 acceptable private mortgage insurance as approved by
17 the commission. The mortgagee's interest in any such
18 mortgage shall be freely assignable. Such mortgages,
19 to be effective, must be consented to and approved by
20 the commission and recorded with the department.



1 Further, notwithstanding the authorized purposes
2 of loan limitations imposed under section 214 of this
3 Act and the authorized loan amount limitations imposed
4 under section 215 of this Act, loans made by lending
5 institutions as provided in this paragraph, insured or
6 guaranteed by the Federal Housing Administration,
7 Department of Veterans Affairs, or any other federal
8 agency and their respective successors and assigns, or
9 any acceptable private mortgage insurance, may be for
10 such purposes and in such amounts, not to exceed the
11 maximum insurable limits, together with such
12 assistance payments and other fees, as established
13 under section 421 of the Housing and Urban Rural
14 Recovery Act of 1983 which amended Title II of the
15 National Housing Act of 1934 by adding section 247,
16 and its implementing regulations, to permit the
17 Secretary of Housing and Urban Development to insure
18 loans secured by a mortgage executed by the homestead
19 lessee covering a homestead lease issued under section
20 207(a) of this Act and upon which there is located a
21 one to four family single family residence[-];



(7) The lessee shall pay all taxes assessed upon the tract and improvements thereon. The department may pay such taxes and have a lien therefor as provided by section 216 of this Act[-];

(8) If the lessee sells or transfers the lessee's interest in the lease for personal gain, whether or not in a manner otherwise authorized by this Act, the lessee shall be ineligible for placement on any subsequent waiting list maintained by the department to receive a lease authorized by section 207; and

~~[(8)]~~ (9) The lessee shall perform such other conditions, not in conflict with any provision of this Act, as the department may stipulate in the lease; provided that an original lessee shall be exempt from all taxes for the first seven years after commencement of the term of the lease."

SECTION 3. Section 209 of the Hawaiian Homes Commission Act, 1920, as amended, is amended to read as follows:

"§209. Successors to lessees. (a) Upon the death of the lessee, the lessee's interest in the tract or tracts and the improvements thereon, including growing crops and aquacultural



1 stock (either on the tract or in any collective contract or
2 program to which the lessee is a party by virtue of the lessee's
3 interest in the tract or tracts), shall vest in the relatives of
4 the decedent as provided in this paragraph. From the following
5 relatives of the lessee who are (1) at least one thirty-second
6 Hawaiian, spouse, children, grandchildren, [~~brothers, or~~
7 ~~sisters,~~] or siblings, or (2) native Hawaiian, [~~father and~~
8 ~~mother, widows or widowers~~] parents, surviving spouses of the
9 children, [~~widows or widowers~~] surviving spouses of the
10 [~~brothers and sisters,~~] siblings, or [~~nieces and nephews,~~]
11 children of the siblings,--the lessee shall designate the person
12 or persons to whom the lessee directs the lessee's interest in
13 the tract or tracts to vest upon the lessee's death. The
14 Hawaiian blood requirements shall not apply to the descendants
15 of those who are not native Hawaiians but who were entitled to
16 the leased lands under section 3 of the Act of May 16, 1934 (48
17 Stat. 777, 779), as amended, or under section 3 of the Act of
18 July 9, 1952 (66 Stat. 511, 513). In all cases that person or
19 persons need not be eighteen years of age. The designation
20 shall be in writing, may be specified at the time of execution
21 of the lease with a right in the lessee in similar manner to



1 change the beneficiary at any time and shall be filed with the
2 department and approved by the department in order to be
3 effective to vest the interests in the successor or successors
4 so named.

5 In case of the death of any lessee, except as hereinabove
6 provided, who has failed to specify a successor or successors as
7 approved by the department, the department may select from only
8 the following qualified relatives of the decedent:

9 (1) Spouse; [~~or~~]

10 (2) If there is no spouse, then the children; [~~or~~]

11 (3) If there is no spouse or child, then the
12 grandchildren; [~~or~~]

13 (4) If there is no spouse, child, or grandchild, then
14 [~~brothers or sisters,~~] siblings; or

15 (5) If there is no spouse, child, grandchild, [~~brother, or~~
16 ~~sister,~~] sibling, then from the following relatives of
17 the lessee who are native Hawaiian: [~~father and~~
18 ~~mother, widows or widowers~~] parents, surviving spouses
19 of the children, [widows or widowers] surviving
20 spouses of the [brothers and sisters,] siblings, or
21 [~~nieces and nephews,~~] children of the siblings.



1 The rights to the use and occupancy of the tract or tracts may
2 be made effective as of the date of the death of the lessee.

3 In the case of the death of a lessee leaving no designated
4 successor or successors, spouse, children, grandchildren, or
5 relative qualified to be a lessee of Hawaiian home lands, the
6 land subject to the lease shall resume its status as unleased
7 Hawaiian home lands and the department is authorized to lease
8 the land to a native Hawaiian as provided in this Act.

9 Upon the death of a lessee who has not designated a
10 successor and who leaves a spouse not qualified to succeed to
11 the lease or children not qualified to succeed to the lease, or
12 upon the death of a lessee leaving no relative qualified to be a
13 lessee of Hawaiian home lands, or the cancellation of a lease by
14 the department, or the surrender of a lease by the lessee, the
15 department shall appraise the value of all the improvements and
16 growing crops or improvements and aquacultural stock, as the
17 case may be, and shall pay to the nonqualified spouse or the
18 nonqualified children as the lessee shall have designated [~~prior~~
19 ~~to~~] before the lessee's death, or to the legal representative of
20 the deceased lessee, or to the previous lessee, as the case may
21 be, the value thereof, less any indebtedness to the department,



1 or for taxes, or for any other indebtedness the payment of which
2 has been assured by the department, owed by the deceased lessee
3 or the previous lessee. These payments shall be made out of the
4 Hawaiian home loan fund and shall be considered an advance
5 therefrom and shall be repaid by the successor or successors to
6 the tract involved. If available cash in the Hawaiian home loan
7 fund is insufficient to make these payments, payments may be
8 advanced from the Hawaiian home general loan fund and shall be
9 repaid by the successor or successors to the tract involved;
10 provided that any repayment for advances made from the Hawaiian
11 home general loan fund shall be at the interest rate established
12 by the department for loans made from the Hawaiian home general
13 loan fund. The successor or successors may be required by the
14 commission to obtain private financing in accordance with
15 section 208(6) to pay off the amount advanced from the Hawaiian
16 home loan fund or Hawaiian home general loan fund.

17 (b) The appraisal of improvements and growing crops, or
18 stock, if any, shall be made by any one of the following
19 methods:

20 (1) By a disinterested appraiser hired by the department;
21 provided that the previous lessee or deceased lessee's



1 legal representative shall not be charged for the cost
2 of the appraisal; [~~or~~]

- 3 (2) By one disinterested appraiser mutually agreeable to
4 both the department and the previous lessee or the
5 deceased lessee's legal representative, with the cost
6 of appraisal borne equally by the two parties; or
7 (3) By [~~not~~] no more than three disinterested appraisers
8 of which the first shall be contracted for and paid by
9 the department. If the previous lessee or the
10 deceased lessee's legal representative does not agree
11 with the appraised value, the previous lessee or the
12 deceased lessee's legal representative shall contract
13 with and pay for the services of a second appraiser
14 whose appraisal report shall be submitted to the
15 department [~~not~~] no later than ninety days from the
16 date of the first appraisal report; provided that the
17 first appraisal shall be used if the second appraiser
18 is not hired within thirty days from the date the
19 department transmits the first appraisal report to the
20 previous lessee or the deceased lessee's
21 representative. If the appraisal values are different



1 and a compromise value between the two appraisals is
2 not reached, a third appraisal shall be made by an
3 appraiser appointed by the first two appraisers [~~not~~]
4 no later than ninety days from the date of the second
5 appraisal report and the third appraiser shall
6 determine the final value. The cost of the third
7 appraisal shall be borne equally by the department and
8 the previous lessee or the deceased lessee's legal
9 representative.

10 The department may adopt rules not in conflict with this
11 section to establish appraisal procedures, including the time
12 period by which the department and the previous lessee or the
13 deceased lessee's legal representative shall act on appraisal
14 matters.

15 (c) If a previous lessee has abandoned the tract or tracts
16 or cannot be located after at least two attempts to contact the
17 previous lessee by certified mail, the department by public
18 notice published at least once in each of four successive weeks
19 in a newspaper of general circulation in the State shall give
20 notice to the previous lessee that the lease will be canceled in
21 accordance with sections 210 and 216 of this title and the



1 department will appraise the value of the improvements and
2 growing crops and stock, if any, if the previous lessee does not
3 present [~~himself or herself~~] oneself within one hundred and
4 twenty days from the first day of publication of the notice.

5 Following cancellation of the lease and appraisal of the
6 improvements and growing crops and stock, if any, the department
7 shall make the payout as provided in subsection (a).

8 (d) After the cancellation of a lease by the department in
9 accordance with sections 210 and 216 of this title, or the
10 surrender of a lease by a lessee, the department may transfer
11 the lease or issue a new lease to any qualified native Hawaiian
12 regardless of whether [~~or not~~] that person is related in any way
13 by blood or marriage to the previous lessee.

14 (e) If any successor or successors to a tract is a minor
15 or minors, the department may appoint a guardian therefor,
16 subject to the approval of the court of proper jurisdiction.
17 The guardian shall be authorized to represent the successor or
18 successors in all matters pertaining to the leasehold; provided
19 that the guardian, in so representing the successor or
20 successors, shall comply with this title and the stipulations
21 and provisions contained in the lease, except that the guardian



1 need not be a native Hawaiian as defined in section 201 of this
2 title.

3 (f) If the successor sells or transfers the successor's
4 interest in the lease for personal gain, whether or not in a
5 manner otherwise authorized by this Act, the successor shall be
6 ineligible for placement on any subsequent waiting list
7 maintained by the department to receive a lease authorized by
8 section 207."

9 SECTION 4. This Act does not affect rights and duties that
10 matured, penalties that were incurred, and proceedings that were
11 begun before its effective date.

12 SECTION 5. The provisions of the amendments made by this
13 Act to the Hawaiian Homes Commission Act, 1920, as amended, are
14 declared to be severable, and if any section, sentence, clause,
15 or phrase, or the application thereof to any person or
16 circumstances is held ineffective because there is a requirement
17 of having the consent of the United States to take effect, then
18 that portion only shall take effect upon the granting of consent
19 by the United States and effectiveness of the remainder of these
20 amendments or the application thereof shall not be affected.



- 1 SECTION 6. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.
3 SECTION 7. This Act shall take effect upon its approval.



S.B. NO. 2623
S.D. 2
H.D. 2
C.D. 1


APPROVED this day of , 2022

GOVERNOR OF THE STATE OF HAWAII

THE SENATE OF THE STATE OF HAWAI‘I

Date: May 3, 2022
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-First Legislature of the State of Hawai‘i, Regular Session of 2022.


President of the Senate


Clerk of the Senate

SB No. 2623, SD 2, HD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 3, 2022
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2022.



Scott K. Saiki
Speaker
House of Representatives



Brian L. Takeshita
Chief Clerk
House of Representatives