JOSH GREEN, M.D. GOVERNOR

EMPLOYEES' RETIREMENT SYSTEM HAWAI'I EMPLOYER-UNION HEALTH BENEFITS TRUST FUND OFFICE OF THE PUBLIC DEFENDER



LUIS P. SALAVERIA DIRECTOR

SABRINA NASIR DEPUTY DIRECTOR

STATE OF HAWAI'I DEPARTMENT OF BUDGET AND FINANCE Ka 'Oihana Mālama Mo'ohelu a Kālā P.O. BOX 150 HONOLULU, HAWAI'I 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION FINANCIAL ADMINISTRATION DIVISION OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY TESTIMONY BY LUIS P. SALAVERIA DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE TO THE SENATE COMMITTEE ON WAYS AND MEANS ON SENATE BILL NO. 1609, S.D. 1

> February 28, 2023 10:00 a.m. Room 211 and Videoconference

RELATING TO NATIVE HAWAIIAN AFFAIRS

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

Senate Bill (S.B.) No. 1609, S.D. 1, appropriates \$3,000,000 of general funds to the Department of Business, Economic Development and Tourism (DBEDT) and \$1,000,000 of general funds to the Department of Land and Natural Resources (DLNR) for FY 24 to provide grants to federal tax-exempt non-profit organizations to support their respective organizational missions. The measure provides that the grants shall: 1) be tailored toward improving Native Hawaiian communities and culture through various assistance programs, including, but not limited to, programs that offer Native Hawaiian historic preservation, business training, entrepreneurship, and mentoring; and 2) meet certain grant standards. Furthermore, the measure amends Section 1 of Act 195, SLH 2022, to add grant standard language.

S.B. No. 1609, S.D. 1, is similar to Act 195, SLH 2022, which also appropriated general funds to DBEDT and DLNR to provide grants to non-profits for the benefit of Native Hawaiian Communities. It should be noted that DBEDT and DLNR would need to establish and adopt appropriate rules, standards, and processes in order to award the subject grants.

Thank you for your consideration of our comments.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI A HO'OMĀKA'IKA'I

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813 Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804 Web site: dbedt.hawaii.gov JOSH GREEN, M.D. GOVERNOR

CHRIS J. SADAYASU

DANE K. WICKER DEPUTY DIRECTOR

Telephone: (808) 586-2355 Fax: (808) 586-2377

Statement of CHRIS J. SADAYASU Director Department of Business, Economic Development, and Tourism before the SENATE COMMITTEE ON WAYS AND MEANS

> Tuesday, February 28, 2023 10:00 AM State Capitol, Conference Room 211

In consideration of SB1609 SD1 RELATING TO NATIVE HAWAIIAN AFFAIRS.

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) offers comments on SB1609 SD1, which requires certain departments and agencies to provide grants to tax-exempt non-profit organizations that have experience and expertise in supporting and advancing Native Hawaiian communities:

- Rather than establishing a grant program, DBEDT recommends appropriating monies to DBEDT and DLNR so that they could solicit RFPs to provide the services. The House Companion Bill (HB1508 HD1) is the preferred vehicle.
- A virtual marketplace can support local artisans and businesses to adapt to e-commerce. DBEDT has an active e-commerce support program so this initiative aligns with our current efforts.
- An innovation center that is a physical co-working space and an innovation, entrepreneur and resource center providing workshops, counseling, loan assistance, and broadband access also aligns with DBEDT's mission and current programs.

Thank you for the opportunity to testify.



ON THE FOLLOWING MEASURE:

S.B. NO. 1609, S.D. 1, RELATING TO NATIVE HAWAIIAN AFFAIRS.

BEFORE THE:

SENATE COMMITTEE ON WAYS AND MEANS

DATE: Tuesday, February 28, 2023 **TIME:** 10:00 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S):WRITTEN TESTIMONY ONLY.
(For more information, contact Elise A. Amemiya,
Deputy Attorney General, at (808) 586-1201)

Chair Dela Cruz and Members of the Committee:

The Department of the Attorney General provides the following comments regarding this bill.

This bill, among other things, amends section 1 of Act 195, Session Laws of Hawaii 2022 (Act 195), page 3, line 14, to page 5, line 3, to add grant standards. However, section 2 of Act 195 appropriated \$1.5 million to the Department of Business Economic Development and Tourism and \$500,000 to the Department of Land and Natural Resources for fiscal year 2022–2023 to issue administrative grants tailored toward improving Native Hawaiian communities and culture through various assistance programs. Because the money appropriated in Act 195 will lapse on June 30, 2023, and this bill will not become effective until July 1, 2023, by the time this bill takes effect on July 1, 2023, the appropriation made in Act 195 will already have lapsed.

If it is the Legislature's intent to allow additional time for the departments to expend the money for administrative grants in Act 195, we suggest that the lapse date of the appropriation made by section 2 of Act 195 be extended to June 30, 2024. The last sentence of section 2 of Act 195 can be amended as follows:

The sums appropriated shall be expended by the department or agency listed above for the purposes of this Act[.]; provided that any funds not expended or encumbered for this purpose shall not lapse at the end of the fiscal year for which the appropriation is made; provided further that any moneys that remain unencumbered on June 30, 2024, shall lapse on that date.

Thank you for the opportunity to provide comments.

RICHARD T. BISSEN, JR. Mayor

KEKUHAUPIO R. AKANA Acting Managing Director





OFFICE OF THE MAYOR COUNTY OF MAUI 200 SOUTH HIGH STREET WAILUKU, MAUI, HAWAI'I 96793 www.mauicounty.gov

February 24, 2023

TO: Honorable Senator Donovan M. Dela Cruz, Chair Honorable Senator Gilbert S.C. Keith-Agaran, Vice Chair Senate Committee on Ways and Means

FROM: Richard T. Bissen, Jr., Mayor

DATE: February 24, 2023

SUBJECT: SUPPORT OF SB 1609, RELATING TO NATIVE HAWAIIAN AFFAIRS

Thank you for the opportunity to testify in **SUPPORT** of this important measure. The purpose of this measure is to appropriate funds for certain departments and agencies to provide grants to tax-exempt nonprofit organizations that have experience and expertise in supporting and advancing Native Hawaiian communities.

I **SUPPORT** this measure for the following reasons:

- 1. This measure would provide support to Native Hawaiian communities and culture through various assistance programs, including but not limited to programs that offer Native Hawaiian historic preservation, business training, entrepreneurship, and mentoring.
- 2. This measure perpetuates the Hawaiian culture, and provides employment opportunities with local businesses.

For the foregoing reasons, I SUPPORT this measure.

Council Chair Alice L. Lee

Vice-Chair Yuki Lei K. Sugimura

Presiding Officer Pro Tempore Tasha Kama

Councilmembers Tom Cook Gabe Johnson Tamara Paltin Keani N.W. Rawlins-Fernandez Shane M. Sinenci Nohelani U'u-Hodgins



Director of Council Services Traci N. T. Fujita, Esq.

Deputy Director of Council Services David M. Raatz, Jr., Esq.

COUNTY COUNCIL

COUNTY OF MAUI 200 S. HIGH STREET WAILUKU, MAUI, HAWAII 96793 www.MauiCounty.us

February 24, 2023

TO: The Honorable Donovan M. Dela Cruz, Chair, and Members of the Senate Committee on Ways and Means

FROM: Alice L. Lee Council Chair Wei See

SUBJECT: HEARING OF FEBRUARY 28, 2023; TESTIMONY IN <u>SUPPORT</u> OF SB 1609, SD1, RELATING TO NATIVE HAWAIIAN AFFAIRS

Thank you for the opportunity to testify in **support** of this important measure. The measure's purpose is to provide grants to tax-exempt nonprofit organizations that have experience and expertise in supporting and advancing Native Hawaiian communities.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **support** this measure for the following reasons:

- 1. This measure would provide support to improving Native Hawaiian communities and culture through various assistance programs, including for historic preservation, business training, entrepreneurship, and mentoring.
- 2. Supporting organizations that have experience and expertise in supporting and advancing Native Hawaiian communities perpetuates the Hawaiian culture while also encouraging innovation for local businesses and keeping Hawai'i's skilled labor from moving away for better opportunities.
- 3. This measure advances the following Maui County General Plan objective: "Perpetuate the Hawaiian culture as a vital force in the lives of residents."

For the foregoing reasons, I **support** this measure.

SB-1609-SD-1

Submitted on: 2/23/2023 4:47:09 PM Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kenneth R. Conklin, Ph.D.	Testifying for Center for Hawaiian Sovereignty Studies	Oppose	Written Testimony Only

Comments:

According to OHA's latest annual report, on June 30, 2022 OHA had assets of \$823 Million. Another bill already approved by a committee last year called for \$638 Million in arrears plus \$79 Million per year in future for OHA from ceded land revenues, exclusively for "betterment of Native Hawaiians" who comprise 20% of Hawaii's people; with no set-aside of 4 times those amounts exclusively for the other 80% of Hawaii's people who lack a drop of Hawaiian blood.

What the heck do you folks think OHA should be doing with all that money? Throughout the year OHA blows its conch shell and waves its kahilis to draw attention to its occasional announcements when they give a grant of a few million dollars to help one or another non-profit group that has "experience and expertise in supporting and advancing Native Hawaiian communities." But the total amount OHA spends to give grants to any groups, including the Hawaiian-focus charter schools and immersion schools, is a pitifully small portion of the tens of millions of dollars OHA collects each year from ceded land revenues and legislative appropriations. That's how OHA has accumulated its enormous and ever-increasing cash stash.

Gimme, gimme, gimme! Let OHA, not the taxpayers, "provide grants to tax-exempt nonprofit organizations that have experience and expertise in supporting and advancing Native Hawaiian communities."

Furthermore, the Center for Hawaiian Sovereignty Studies takes note that the amended SD1 version of this bill fails to include the Attorney General's recommended language in "POSSIBLE STANDARDS FOR THE GRANTS IN THIS BILL" item (3):

- (3) The applicant shall comply with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, disability, or any other characteristic protected under applicable federal or state law.
- The obvious element that is not complied with is "federal and state laws prohibiting discrimination against any person on the basis of race"

Although the intent of this bill is focused specifically on "provide grants to tax-exempt nonprofit organizations that have experience and expertise in supporting and advancing Native Hawaiian communities", which might in itself violate non-discrimination laws by its exclusion of all other racial groups/communities; it should be noted that all contractors and service providers must be treated equally under the law regardless of race when it cones to PROCUREMENT OF GOODS AND SERVICES even if those goods and services are intended specifically for the benefit of one particular race.

Does the legislature of Hawaii wish to align itself with the Jim Crow laws of a century ago in those Southern states which had joined the Confederacy?



SB1609 SD1 RELATING TO NATIVE HAWAIIAN AFFAIRS Senate Committee on Ways and Means

February 28, 2023	10:00 AM	Room 211 &
		Videoconference

The Council for Native Hawaiian Advancement (CNHA), a member-based 501(c)(3) nonprofit organization with a mission to enhance the cultural, economic, political, and community development of Native Hawaiians, **STRONGLY SUPPORTS** SB1609 SD1, which proposes muchneeded additional state grant funding to support the Native Hawaiian community.

CNHA worked with its members to help develop this collection of grant program proposals. Our goal was to empower Native Hawaiian and local communities through the investment in our state's economy and unique heritage, with an eye towards setting critical foundations that can sustain and build upon hard-fought progress. We greatly appreciate the Legislature's willingness to consider new buckets of state grant funding that would supplement existing state funding opportunities for Native Hawaiian organizations with demonstrated track records of success.

Proposed Grant Programs

1. <u>Virtual Marketplace that supports local artisans and businesses to adapt to e-</u> <u>commerce</u>

In April 2020, CNHA launched the **Pop-Up Mākeke**, a virtual marketplace supporting local artisans impacted by the global pandemic that shut down vital revenue streams from brick-and-mortar stores and community events. The success of the Pop-Up Mākeke demonstrates the need for a centralized e-commerce hub that leverages small business resources and creates new opportunities for Hawai`i's small businesses to thrive in an ever changing global market. The pandemic has shifted how consumers shop and as a result has caused many businesses needing to reimagine their business model to a more web-centric approach.



The Pop-Up Makeke will leverage data analytics to provide to artisans their sale history and market trends for them to make better business oriented decisions.

This request would allow Pop-Up Mākeke to provide increased support for Hawaii-based artisans to remain sustainable and thrive in a post-pandemic economy.

This request for funds would cover:

- Kūhana Management
- Pop-Up Mākeke Management
- Sector-expert consultants including branding and marketing consultants, and business development specialists
- Consignment support for participating businesses in Pop-Up Mākeke

CNHA will facilitate incubator courses to micro- and small-retail businesses to adapt to e-commerce. The course will include personalized assistance to each businesses needs from e-commerce, marketing, and logistics experts. Businesses that complete the incubation course will be allowed to participate in the Pop-Up Makeke to introduce their products to a global market as they prepare their own online presence.

Course syllabus will include:

- What does it mean for your products to represent Hawaii?
- How to effectively market your business online?
- How to leverage resources to scale your business? (i.e. wholesale model, capacity building, resources to capital)

2. <u>Physical co-working space and an innovation, entrepreneur, and resource center that</u> provides workshops, counseling, loan assistance, and broadband access

The **West O'ahu Innovation Center** will serve as a physical co-working space, entrepreneur, and resource center. It will be an innovative entrepreneur center for the underserved-community of West O'ahu, providing collaborative, meeting and event space; offering business workshops and counseling; engaging 'Big Business' mentors for small and micro-business entrepreneurs; and delivering loan assistance and broadband access.

The facility will also feature CNHA's Hawaiian Trades Academy Technology Center and Classroom. By establishing these resources on the west side, small businesses will have the tools and support needed to start, grow and thrive.

This request for funding would cover the cost to retrofit an existing 10,000 sq ft facility to house the West O'ahu Innovation Center.



3. <u>Repatriation and reburials of Native Hawaiians nationally and internationally</u>

This request would support the establishment of a program that addresses Native Hawaiian-specific historic preservation needs. This request would fund a program would:

- Conduct repatriations and reburials nationally and internationally under federal and international legal frameworks, as well as curate sacred objects that have been repatriated; Repatriations have been coordinated from multiple museums in Germany, Poland, France, England, New Zealand and North America. Small teams of culturally trained repatriation experts will be sent to each country to bring home human remains and artifacts. The entirety of the travel budget will be used for this activity and includes Air, Ground, Lodging, Freight, and per diem.
- Create and purchase reburial material for 3000+ Mōkapu Iwi Kūpuna; Kapa and boxes will need to be made or purchased for each kupuna. Items will be sourced from throughout the State of Hawai'i from traditional kapa makers, weavers, and wood workers.
- Assess the establishment of a Native Hawaiian Historic Preservation Office that will include national and international repatriation and reburial efforts and possible management of the burial sites program.
- FTEs would be responsible for overall coordination of first three bullets, which involves multiple stakeholders, cultural practitioners, museum outreach, travel logistics and reporting. Contract services will go to secure repatriation expertise and established relationships with institutions.

Further budget details can be provided for all programs.

In closing, CNHA urges the Committee to pass SB1609 SD1. Mahalo nui loa for the

opportunity to provide testimony on this measure.

Respectfully,

J. Kūhiō Lewis, CEO Council for Native Hawaiian Advancement February 27, 2023





Working together for Kapolei

Committee on Ways and Means Senator Donovan M. Dela Cruz, Chair Senator Gilbert S.C. Keith-Agaran, Vice Chair

Tuesday, February 28, 2023 10:00 a.m. Conference Room 211 and via Videoconference

RE: SB 1609 SD1 Relating to Hawaiian Affairs

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee,

My name is Kiran Polk, and I am the Executive Director of the Kapolei Chamber of Commerce. The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region which includes Waipahu, `Ewa Beach, Kapolei, Nānākuli, Waianae and Mākaha. The Chamber works on behalf of its members and the entire business community to improve the regional and State economic climate and help Kapolei businesses thrive. We are a member- driven, member-supported organization representing the interests of all types of business: small, medium or large, for profit or non-profit businesses or sole proprietorship.

The Kapolei Chamber of Commerce, <u>strongly supports SB 1609</u> which requires certain departments and agencies to provide grants to tax-exempt non-profit organizations that have experience and expertise in supporting and advancing Native Hawaiian communities. Specifically, we extend our support for Section 2 (1)(B) which appropriates the sum of \$1,000,000 for an entrepreneur center that is a physical co—working space and an entrepreneur and resource center that provides workshops, counseling, loan assistance, and broadband access. A priority of the Kapolei Chamber and the Business Revitalization Task Force of West O'ahu is to establish a West O'ahu Innovation and Entrepreneur Center.

The West O'ahu Innovation and Entrepreneur Center is a partnership between the Council for Native Hawaiian Advancement (CNHA) and the Kapolei Chamber of Commerce (KCC) to create a co-working space and Innovation Center.

The Wai'anae Coast in West O'ahu, has the largest resident population of Native Hawaiians in the world and a higher rate of poverty then the rest of Honolulu County. Nevertheless, there is incredible growth in West O'ahu. According to the 2020 Census, the West O'ahu Council District grew 20.7 % since the last census (2010). The region expects 80,000 new housing units by 2025. This includes homes, businesses, and infrastructure. Yet, most residents still commute an average of two hours each day into town for work. During the pandemic, despite economic turmoil, the region continued to experience economic growth and housing development. **CNHA's online marketplace** *Pop-Up Mākeke*, serves over 400 businesses with millions of dollars in revenue since its inception. Hundreds of the businesses in the Mākeke are from the west side. Even though we are a burgeoning community – we lack the most critical infrastructure, connectivity, and business resources.

1001 Kamokila Boulevard, Campbell Building Suite 250, Kapolei, Hawaii 96707

The Innovation Center itself is an innovation because **currently, there are no co-working spaces anywhere in West O`ahu.** Our vision is that the Center will be a place where small and micro business entrepreneurs will access free or discounted co-working space, where ideas, networking and innovation can flourish. Business professionals can nurture industry using Center resources including Wi-Fi, "BIZ Workshops" (business training), counseling services, mentoring, inspirational "BIZ Talks" (an innovation), computers, office machines and networking opportunities. It will be a collaborative space, a meeting space, and even an event space, something that is also a rare commodity in West Oʻahu. It is a unique approach to deliver long-term economic recovery, growth, and resilience to the Native Hawaiian community.

The West O`ahu Innovation and Entrepreneur Center **will be a public and private partnership**. Monetary contributions are also being sought from private foundations and donors in addition to public funding and grants. The intention is to lease space in a location in the Kapolei area that is already built and has basic infrastructure already in place. The improvements would likely include electrical installations, internet cables, cabinetry and/or the installation of a kitchenette or bathroom. In-kind donations could include furniture, computer equipment, printers, Wi-Fi service, website maintenance and social media management.

The Innovation Center will utilize all funds received to stabilize operations during the first two years. If funds are available, the Center would like to subsidize memberships or offer discounted memberships to underserved community members.

After the initial two-year period, a professional management company (like the Hub Networking, BoxJelly or Regus) would be hired to manage the day-to-day operations of the Center. The partnership between CNHA, the KCC and the management company would be responsible for ensuring that the Center becomes self-sustaining and profitable.

By leveraging the expertise of our established business community to encourage networking and sharing and providing the physical space and tools to get started, we are creating an environment that supports and inspires our citizens in our Native Hawaiian and West O`ahu community to achieve success. **Overall, the West O`ahu Innovation and Entrepreneur Center will aid businesses to innovate, stabilize and expand as we navigate through the pandemic and beyond.**

Thank you for this opportunity to provide testimony.

Respectfully,

all

Kiran Polk Executive Director Kapolei Chamber of Commerce

1001 Kamokila Boulevard, Campbell Building Suite 250, Kapolei, Hawaii 96707

SB-1609-SD-1

Submitted on: 2/23/2023 10:23:49 PM Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Comments	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry COMMENT SB 1609 RELATING TO NATIVE HAWAIIAN AFFAIRS.

Non-profit organization that teaches families about life skills, financial skills, communication skills w/i the family, program to strength the whole family, especially in the Waianae community.

<u>SB-1609-SD-1</u> Submitted on: 2/27/2023 10:42:22 AM Testimony for WAM on 2/28/2023 10:00:00 AM



Submitted By	Organization	Testifier Position	Testify
Leimomi Khan	Individual	Support	Written Testimony Only

Comments:

Thank you for the opportunity to testify in support of this important measure. This measure would appropriate funds for certain departments and agencies to provide grants to tax-exempt nonprofit organizations that have experience and expertise in supporting and advancing Native Hawaiian communities.

I note that the opportunity is not limited to Native Hawaiian nonprofits, but to any nonprofit who has the prerequisite experience nd expertise.

The bill is an "enabling" one that will help State agencies to provide grants to tax-exempt nonprofit organizations that have experience and expertise in supporting and advancing Native Hawaiian communities.

Committee on Ways and Means Senator Donovan Dela Cruz, Chair Senator Gilbert S.C. Keith-Agaran, Vice Chair



Tuesday, February 29, 2023

10:00 a.m.

RE: HB 1609 SD1 Relating to Hawaiian Affairs

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee,

My name is Eliza Talbot, and I am the Chair of the Business Revitalization Task Force of West Oahu for the Kapolei Chamber of Commerce. The Task Force **strongly supports SB 1609 SD1**, which requires certain departments and agencies to provide grants to tax-exempt non-profit organizations that have experience and expertise in supporting and advancing Native Hawaiian communities.

The Task Force is comprised of business leaders representing the West O'ahu Community, which supports Section 2 (1)(B) of the bill which appropriates \$1,000,000 for an entrepreneur center that is a physical co—working space and an entrepreneur and resource center that provides workshops, counseling, loan assistance, and broadband access.

West O'ahu has the largest resident population of Native Hawaiians in the world and is the fastest growing region within the state but we do not have sufficient resources to support our entrepreneurs and small businesses. During the pandemic, many of our residents found creative ways to monetize their skills and create new businesses but the business development resources they needed were primarily located within urban Honolulu. Additionally, due to infrastructure gaps and unaffordability, access to broadband connectivity is limited or not available at all in certain parts of West O'ahu

In response to these needs, the Task Force partnered with the Council of Native Hawaiian Advancement (CNHA) to establish a West O'ahu Innovation and Entrepreneur Center designed to provide business resources to Native Hawaiians, veterans, women, LGBTQ+ and all underserved communities in the region.

The Center will be a hub for connectivity, innovation, networking, support services, learning, co-working, and event space, mentoring and inspiration for entrepreneurs. With the partnership of CNHA, we strive to create a collaborative community space that offers technology and services with cultural integration. We believe this is a unique approach to deliver long-term economic recovery, growth, and resilience to the Native Hawaiian community in West O'ahu.

Mahalo for the opportunity to share this testimony.

Eliza Talbot Chair of the Business Revitalization Task Force of West O'ahu of the Kapolei Chamber of Commerce