

**HB 2923,  
HD2, SD1  
Testimony**



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

P.O. BOX 1879  
HONOLULU, HAWAII 96805

COMMENTS FROM KAULANA H. R. PARK, CHAIRMAN  
HAWAIIAN HOMES COMMISSION  
TO THE SENATE COMMITTEE ON WAYS AND MEANS

**ON HB 2923 HD 2 SD 1 RELATING TO PUBLIC LANDS**

March 31, 2010

Chair Kim, Vice-Chair Tsutsui and Members of the Committee:

The Department of Hawaiian Home Lands supports HB 2923 HD 2 SD

1. Our ability to carry out our mission to provide homeownership opportunities to native Hawaiians is directly tied to the Hawaiian Homes Commission's ability to obtain necessary resources through federal and state funds, grants, and income-generating opportunities. Over the past six years, we have supported our homesteading program with income generated through the commercial leases of our non-homestead lands.

The current 65-year term has limited DHHL's ability to attract substantial investments in the proposed commercial lease properties. Legislation for a lease extension increases the value of DHHL's property and provides an improved instrument with which DHHL can better serve our beneficiaries. Further, extended lease terms (beyond 65 years) provide a reliable long-standing revenue stream which improves DHHL's long term bond credit rating. This increases our

ability to float bonds and capture future lease rent dollars today to construct homes for native Hawaiian families now.

We request that your committee consider the following amendments to ensure the greatest flexibility for our department to generate revenue and use the revenue to construct homes. First, we ask that all references to the twenty per cent set aside from lease rents to be deposited into the Native Hawaiian Rehabilitation Fund be changed to read "ten per cent." This is referenced on page 2 at line 15, page 5 at line 13 and page 6 and line 21. Second, we ask that you strike the requirement that an extension not be granted until such time that one-third of the original lease term expires (see page 5, lines 9-12).

Mahalo for your consideration. We respectfully urge that this committee pass this bill with amendments.

TESTIMONY ON HB 2923 HD2 SD1  
RELATING TO THE PUBLIC LANDS

Wednesday, March 31, 2010, 9:30 a.m.  
State Capitol, Conference Room 211

SENATE COMMITTEE ON WAYS AND MEANS

Written Testimony Only - In Support with Comment

TO: The Honorable Donna Mercado Kim, Chair  
The Honorable Shan S. Tsutsui, Vice Chair  
Members of Senate Committee on Ways and Means


I am Stafford Kiguchi representing Bank of Hawaii. We support the intent of HB 2923 HD2, SD1, although wish to provide brief comments from a capital provider's perspective relating to the amendments.

A leasehold interest is finite and capital providers will require a return of their funds within the lease term. Allowing the Department of Hawaiian Home Lands to extend lease terms enhances the potential for a lessee to invest in a leasehold interest and attract capital for that investment. This could increase the utility of the property. Such an increase in utility would typically translate to better returns to the Department via higher lease rents.

The amendment to the proposed bill that limits an extension to leases that have amortized by one-third of the term could reduce the flexibility of the Department to realize maximum returns on its holdings.

We believe the measure in an amended form could present needed flexibility for Department to provide it and beneficiaries future sustainable income. Thank you for the opportunity to testify and provide comment.

Respectfully submitted,



Stafford Kiguchi  
Executive Vice President

**WAIMEA HAWAIIAN HOMESTEADERS' ASSOCIATION, INC.**

P. O. Box 6753

Kamuela, Hawaii 96743

March 30, 2010

**M KANANI KAPUNIAI**

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*Kuhio Village*

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Director

**HENRY "SOLI" NIHEU**

*Pu'ukapu-Farm '85+*

Director

**TIARE FLORES**

*Pu'ukapu-Pastoral <90*

Director

TO: Senator Donna Mercado Kim, Chair  
Senator Shan S. Tsutsui, Vice Chair  
*Committee on Ways & Means*

FROM: M Kapuniai, President

RE: **HB2923,HD2,SD1**  
**RELATING TO PUBLIC LANDS**

Establish procedures for the department of Hawaiian home lands for purpose of determining the disposition of lands for commercial and multipurpose projects. Limits extension of leases to not longer than twenty years, to be granted only once. Specifies disposition of proceeds. Requires DHHL to submit annual report to legislature and the U. S. Dept of Interior. Specifies twenty percent of revenues generated from lease agreement and land use instruments to be deposited into the Native Hawaiian rehabilitation fund. Eff 7/01/2010

Date/Time: Wednesday, March 31, 2010 9:30a.m.

Place: Conference Room 211  
State Capitol  
415 South Beretania Street

We **SUPPORT** this bill.

This final draft clearly reflects commendable joint efforts to bring resources to the Hawaiian Home Lands Trust, as well as, to the beneficiaries for whom this Trust was initiated.

We submit this comment for the record and appreciate the opportunity to participate in this process.

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