

STAND. COM. REP. NO.

521

Honolulu, Hawaii

February 20, 2015

RE: H.B. No. 323

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committee on Veterans, Military, & International
Affairs, & Culture and the Arts, to which was referred H.B. No.
323 entitled:

"A BILL FOR AN ACT RELATING TO THE STATE DISASTER REVOLVING
LOAN FUND,"

begs leave to report as follows:

The purpose of this measure is to mitigate the negative
socio-economic impacts to adjacent communities of a United States
military base realignment and closure pursuant to the Defense Base
Closure and Realignment Act of 1990 by authorizing the Director of
Business, Economic Development, and Tourism to make commercial and
personal loans from the State Disaster Revolving Loan Fund (Fund)
to qualifying business and individual victims of the base
realignment and closure.

The member of the House of Representatives from the 46th
District, The Chamber of Commerce of Hawaii, Wahiawa-Whitmore
Village Neighborhood Board No. 26, and Wahiawa Community and
Business Association supported this measure. The Department of
Business, Economic Development, and Tourism provided comments.

Your Committee finds that:

- (1) The United States Army is considering a proposal as part
of its 2020 Force Structure Realignment to eliminate
16,606 active duty Army soldiers from Schofield Barracks

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and 3,786 from Fort Shafter, a total force reduction of over 20,000 soldiers from Oahu Army bases;

- (2) The Army's proposed reductions would remove nearly 20,000 jobs from the communities of Wahiawa, Schofield, Mililani, Kunia, and Waialua;
- (3) More than 9,000 spouses and more than 15,000 children of military personnel would be affected; and
- (4) The relocation of more than 40,000 people would result in the reduction of nearly forty percent of the population of those communities, or five percent of the total population of the Island of Oahu.

The sudden massive migration of workers from a single industry will inevitably impact ancillary businesses, state and county government services, tax collection, property values, and the viability of nearby-situated communities. Thus, your Committee finds that the use of the Fund is an appropriate means of providing needed assistance to local businesses and individuals while the economy adjusts to fill the void left by the United States Army's downsizing.

Concerns were raised that making the relief authorized by this measure dependent on a base realignment and closure, as it is defined in the Defense Base Closure and Realignment Act of 1990, P.L. 101-510, part A, title XXIX (10 U.S.C. 2687), as amended, might restrict access to the Fund to only situations where Schofield Barracks or Fort Shafter are permanently closed, and would not grant relief if a large portion of the personnel at either or both facilities were eliminated, relocated, or mobilized, which would have the same socio-economic impact on adjacent communities on a different scale.

In addition, the Department of Business, Economic Development, and Tourism (DBEDT) informed your Committee of its need for expedited rulemaking authority so that the loans intended under this measure can be made as quickly as possible to affected businesses and individuals.

Accordingly, your Committee has amended this measure by deleting its contents, except the appropriation from the Fund for commercial and personal loans, and inserting provisions that:



- (1) Authorize the Governor to consider whether a reduction in force, relocation, or mobilization of United States Armed Forces is of such magnitude as to warrant a declaration of a state disaster;
- (2) Authorize the Governor to utilize the Fund to provide commercial and personal recovery loans if a state disaster is declared because of a reduction in force, relocation, or mobilization of United States Armed Forces;
- (3) Provide DBEDT with emergency rulemaking powers without regard to statutory notice and public hearing or small business impact review requirements so long as any amendments of the interim rules are subject to those requirements; and
- (4) Appropriate funds for one full-time program manager position in DBEDT to administer the State Disaster Loan Program.

Technical, nonsubstantive amendments were also made to this measure for clarity, style and conformity.

Should the Committee on Finance deliberate this measure further, your Committee respectfully requests that it:

- (1) Consider appropriating the following amounts for each year of fiscal biennium 2015-2017 as follows:
 - (A) \$1,000,000 for deposit into the Fund; and
 - (B) \$125,000 for one permanent full-time Program Manager Position to administer the State Disaster Loan Program; and
- (2) Examine and consider the necessity of a program manager for the State Disaster Loan Program, and if so, consider mandating that DBEDT may only hire a program manager if the Governor authorizes DBEDT to make loans from the Fund pursuant to this measure.

Your Committee cannot emphasize in greater terms the urgency and importance of this measure. Your Committee implores the Committee on Finance and the state administration to find alternative sources of funding if general funds are not available



because the livelihood and future of communities and families in central Oahu depend on it.

As affirmed by the record of votes of the members of your Committee on Veterans, Military, & International Affairs, & Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 323, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 323, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Veterans,
Military, & International
Affairs, & Culture and the
Arts,



KEN ITO, Chair



State of Hawaii
House of Representatives
The Twenty-eighth Legislature

HB CR 521

**Record of Votes of the Committee on Veterans, Military, International Affairs & Culture
and the Arts**

Bill/Resolution No.: HB323	Committee Referral: VMI, FIN	Date: 2/17/15		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
VMI Members	Ayes	Ayes (WR)	Nays	Excused
1. ITO, Ken (C)	✓			
2. TOKIOKA, James Kunane (VC)	✓			
3. BROWER, Tom				✓
4. CACHOLA, Romy M.	✓			
5. CHOY, Isaac W.	✓			
6. KAWAKAMI, Derek S.K.	✓			
7. KONG, Sam Satoru	✓			
8. OHNO, Takashi		✓		
9. ONISHI, Richard H.K.		✓		
10. TSUJI, Clift	✓			
11. WOODSON, Justin H.	✓			
12. MATSUMOTO, Lauren Kealohilani	✓			
13. WARD, Gene		✓		
TOTAL (13)	9	3		1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) _____ did not support recommendation.				
Vice Chair's or designee's signature:				
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