A BILL FOR AN ACT

RELATING TO HAWAIIAN HOMELANDS.

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

SECTION 1. Section 213, Hawaiian Homes Commission Act, 1920, as amended, is amended to read as follows:

"§213. Funds and accounts. (a) There are established in the treasury of the State two revolving funds, to be known respectively as the Hawaiian home loan fund and the Hawaiian home general loan fund.

(b) Hawaiian home loan fund. The moneys in this fund shall be available for the purposes enumerated in section 214 and for payments provided in section 209 and shall not be expended for any other purpose except as provided in subsection (e).

Any interest or other earnings arising out of investments from this fund shall be credited to and deposited into the Hawaiian home operating fund.

(c) Hawaiian home general loan fund. Moneys appropriated by the legislature for the construction of homes but not otherwise set aside for a particular fund, for construction of
replacement homes, for home repairs or additions, or for the
development and operation of a farm, ranch, or aquaculture
operation; moneys transferred from other funds; and installments
of principal paid by the lessees upon loans made to them from
this fund, or as payments representing reimbursements on account
of advances, but not including interest on such loans or
advances, shall be deposited into this fund. The moneys in the
fund shall be used for purposes enumerated in section 214 and
for payments provided in section 209; provided that, in addition
to the conditions enumerated in section 215, farm loans shall be
subject to the following conditions:

(1) To be eligible for a farm loan the applicant shall
derive, or present an acceptable plan to derive, a
major portion of the applicant's income from farming;

(2) Farm loans made for the purpose of soil and water
conservation shall not exceed $20,000 and shall be for
a term not to exceed ten years;

(3) Subsidies and grants or cost-sharing funds entitled
and received by the lessee for soil and water
conservation purposes shall be assigned to the
department for the repayment of the outstanding farm indebtedness; and

(4) The lessee shall carry out recommended farm management practices approved by a qualified agricultural agency.

The department may create an account within this fund to support the guarantee of repayment of loans made by government agencies or private lending institutions to a holder of a lease under section 207(a) or license issued under section 207(c)(1)(B).

The department may create an account within this fund for moneys borrowed from government agencies or private lending institutions to be used for any of the purposes enumerated in section 214. Installments of principal and that part of the interest equal to the interest charged to the department by the lender paid by the lessees on the loans made to them from this account shall be deposited into the same account. Any additional interest or other earnings arising out of investments from this account shall be credited to and deposited into the Hawaiian home receipts fund.

(d) There are established in the treasury of the State four trust funds, to be known respectively as the Hawaiian home...
operating fund, the Hawaiian home receipts fund, the Hawaiian home trust fund, and the native Hawaiian rehabilitation fund and one special fund to be known as the Hawaiian home administration account.

(e) Hawaiian home operating fund. The interest transferred from the Hawaiian home loan fund, all moneys received by the department from any other source, and moneys transferred from the Hawaiian home receipts fund, shall be deposited into the Hawaiian home operating fund. The moneys in this fund, without the prior written approval of the governor, shall be available:

(1) For construction and reconstruction of revenue-producing improvements intended to serve principally occupants of Hawaiian home lands, including acquisition or lease therefor of real property and interests therein, such as water rights or other interests;

(2) For payment into the treasury of the State of such amounts as are necessary to meet the interest and principal charges for state bonds issued for such revenue-producing improvements;
(3) For operation and maintenance of such improvements constructed from such funds or other funds;

(4) For the purchase of water or other utilities, goods, commodities, supplies, or equipment needed for services, or to be resold, rented, or furnished on a charge basis to occupants of Hawaiian home lands; and

(5) For appraisals, studies, consultants (including architects and engineers), or any other staff services including those in section 202(b) required to plan, implement, develop, or operate these projects.

The moneys in this fund may be supplemented by other funds available for or appropriated by the legislature for the same purposes. In addition to such moneys, this fund, with the approval of the governor, may be supplemented by transfers, made on a loan basis from the Hawaiian home loan fund for a period not exceeding ten years; provided that the aggregate amount of such transfers outstanding at any one time shall not exceed $500,000.

In addition, moneys of this fund shall be made available with the prior written approval of the governor for offsite improvements and development necessary to serve present and
future occupants of Hawaiian home lands; for improvements, additions, and repairs to all assets owned or leased by the department excluding structures or improvements that the department is obligated to acquire under section 209; for engineering, architectural, and planning services to maintain and develop properties; for such consultant services as may be contracted for under this Act; for purchase or lease of necessary equipment; for acquisition or lease of real property and interest therein; and for improvements constructed for the benefit of beneficiaries of this Act and not otherwise permitted in the various loan funds or the administration account.

(f) Hawaiian home administration account. The entire receipts derived from any leasing or other disposition of the available lands pursuant to section 204(a)(2) and transfers from the Hawaiian home receipts fund shall be deposited into this account. Any interest or other earnings arising out of investments from this fund shall be credited to and deposited into this fund. The moneys in this account shall be expended by the department for salaries and other administration expenses of the department in conformity with general law applicable to all departments of the State, and no
sums shall be expended for structures and other permanent improvements. This account shall be subject to the following conditions and requirements:

(1) The department, when required by the governor but not later than November 15 preceding each regular session of the legislature, shall submit to the state director of finance its budget estimates of expenditures for the next fiscal period in the manner required by general law;

(2) The department's budget as approved by the governor shall be included in the governor's budget report and shall be transmitted to the legislature for its approval;

(3) Upon legislative approval of a budget, the amount appropriated shall be made available to the department. If no budget is approved by the legislature prior to its adjournment, sums accruing to this account shall not be expended for any other purpose but shall remain available for future use.

Any amount in this account which is in excess of the amount approved by the legislature or made available
for the fiscal period may be transferred to the Hawaiian home operating fund.

(g) Hawaiian home receipts fund. All interest moneys from loans or investments received by the department from any fund except as provided for in each respective fund, shall be deposited into this fund. At the end of each quarter, all moneys in this fund may be transferred to the Hawaiian home operating fund, the Hawaiian home administration account, the Hawaiian home trust fund, and any loan fund in accordance with rules adopted by the department.

(h) Hawaiian home trust fund. Except for gifts, bequests, and other moneys given for designated purposes, moneys deposited into this fund shall be available for transfers into any other fund or account authorized by the Act or for any public purpose deemed by the commission to further the purposes of the Act. Public purpose, as used herein, includes the formation of an account within the Hawaiian home trust fund as a reserve for loans insured or guaranteed by the Federal Housing Administration, Department of Veterans Affairs, or any other federal agency and their respective successors and assigns, which are authorized to insure or guarantee loans.
Notwithstanding any other law to the contrary, the department is expressly authorized to deposit the reserve for loans in any duly organized bank in the State or elsewhere in the United States with automatic fund transfer capabilities and at such reserve amounts as shall be reasonably required by the federal agencies as a condition for participation in their respective insurance or guarantee programs.

(i) Native Hawaiian rehabilitation fund. Pursuant to Article XII, Section 1, of the Hawaii Constitution, thirty percent of the state receipts, derived from lands previously cultivated as sugarcane lands under any other provision of law and from water licenses, shall be deposited into this fund. The department shall use this money for the rehabilitation of native Hawaiians, native Hawaiian families, and Hawaiian homestead communities, which shall include the educational, economic, political, social, and cultural processes by which the general welfare and conditions of native Hawaiians are thereby improved and perpetuated.

The native Hawaiian rehabilitation fund shall be subject to the following conditions:
(1) All moneys received by the fund shall be deposited into the state treasury and kept separate and apart from all other moneys in the state treasury;

(2) The director of finance shall serve as a custodian of the fund. All payments from the fund shall be made by the director of finance only upon vouchers approved by the commission;

(3) The commission shall develop guidelines for the investment of moneys in the fund;

(4) The commission may invest and reinvest in investments authorized by chapter 88, Hawaii Revised Statutes. The commission may hold, purchase, sell, assign, transfer, or dispose of any securities and investments in which any of the moneys shall have been invested, as well as the proceeds of such investments; and

(5) The commission may pay out of any of the moneys held for investment, a reasonable amount to any person for supplying investment advisory or consultive services; and to meet such other costs incident to the prudent investment of moneys as the commission may approve.
Any payment of principal, interest, or other earnings arising out of the loan or investment of money from this fund shall be credited to and deposited into this fund.

Sections 214, 215, 216, and 217 shall not apply to administration of this fund. The department is authorized to adopt rules under chapter 91, Hawaii Revised Statutes, necessary to administer and carry out the purposes of this fund.

(j) There is established in the department of Hawaiian home lands the micro enterprise assistance program on Hawaiian home lands revolving fund, into which shall be deposited:

(1) Appropriations from the legislature;
(2) Federal grants and subsidies to the State;
(3) Private investments; and
(4) Voluntary contributions.

(k) Notwithstanding any provisions in this section to the contrary, the micro enterprise assistance program on Hawaiian home lands revolving fund shall be administered by the department of Hawaiian home lands to provide grants and loans to the following recipients through the implementation of the micro enterprise assistance program:
(1) Qualified native Hawaiians as defined by this Act and pursuant to article XII of the Hawaii State Constitution;

(2) Native Hawaiian-controlled homestead associations with members who are qualified native Hawaiians as defined by this Act and pursuant to article XII of the Hawaii State Constitution;

(3) Hawaiian homestead associations' designated tax exempt community development corporations; and

(4) Native Hawaiian community organizations having a demonstrated ability and history of making and administering loans and providing support to qualified native Hawaiians as defined by this Act and pursuant to article XII of the Hawaii State Constitution.

(1) The department of Hawaiian home lands may enter into a memorandum of agreement with the department of business, economic development, and tourism, or a successor state agency, to implement the micro enterprise assistance program.

(m) For the purposes of this section, "micro enterprise assistance program" means a program that assists recipients with establishing businesses that are independently owned and that
the department has defined as a micro enterprise through detailed criteria that may include the number of employees and similar factors used by the United States Small Business Administration."

SECTION 2. There is appropriated out of the Hawaiian home lands trust fund the sum of $ or so much thereof as may be necessary for fiscal year 2020-2021 for deposit into the micro enterprise assistance program on Hawaiian home lands revolving fund.

SECTION 3. There is appropriated out of the micro enterprise assistance program on Hawaiian home lands revolving fund the sum of $ or so much thereof as may be necessary for fiscal year 2020-2021 for loans or grants issued pursuant to section 213(k), Hawaiian Homes Commission Act, 1920, as amended, pursuant to section 1 of this Act.

The sum appropriated shall be expended by the department of Hawaiian home lands for the purposes of this Act.

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect on July 1, 2051.
Report Title:
DHHL; Micro Enterprise Assistance Program; Revolving Fund; Appropriation

Description:
Establishes the micro enterprise assistance program on Hawaiian home lands revolving fund to provide grants and loans through the implementation by the Department of Hawaiian Home Lands of the micro enterprise assistance program to qualified native Hawaiians, native Hawaiian-controlled homestead associations, homestead association community development corporations, and Native Hawaiian community organizations with a demonstrated ability and history of making and administering loans and providing support to qualified native Hawaiians. Authorizes the Department of Hawaiian Home Lands to enter into a memorandum of agreement with the Department of Business, Economic Development, and Tourism to implement the program. Appropriates funds. Effective 7/1/2051. (HD1)

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