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# A BILL FOR AN ACT

RELATING TO THE HAWAIIAN HOMES COMMISSION ACT OF 1920, AS  
AMENDED.

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

1 SECTION 1. Section 213 of the Hawaiian Homes Commission  
2 Act, 1920, as amended, is amended by amending subsection (d) to  
3 read as follows:

4 "(d) There are established in the treasury of the State  
5 [five special] four trust funds, to be known respectively as the  
6 Hawaiian home operating fund, [the Hawaiian home administration  
7 account,] the Hawaiian home receipts fund, the Hawaiian home  
8 trust fund, and the native Hawaiian rehabilitation fund and one  
9 special fund to be known as the Hawaiian homes administration  
10 account."

11 SECTION 2. Section 213 of the Hawaiian Homes Commission  
12 Act, 1920, as amended, is amended by amending subsection (i) to  
13 read as follows:

14 "(i) Native Hawaiian rehabilitation fund. Pursuant to  
15 Article XII, Section 1, of the State Constitution, thirty per  
16 cent of the state receipts, derived from lands previously  
17 cultivated as sugarcane lands under any other provision of law  
18 and from water licenses, shall be deposited into this fund. The  
19 department shall use this money solely for the rehabilitation of

1 native Hawaiians which shall include[,] but not be limited to[,]  
2 the educational, economic, political, social, and cultural  
3 processes by which the general welfare and conditions of native  
4 Hawaiians are thereby improved and perpetuated.

5 The native Hawaiian rehabilitation fund shall be subject to  
6 the following conditions:

7 (1) All moneys received by the fund shall be deposited in  
8 the state treasury and kept separate and apart from all  
9 other moneys in the state treasury;

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

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

16 (4) The commission may invest and reinvest in investments  
17 authorized in chapter 88. The commission may hold,  
18 purchase, sell, assign, transfer, or dispose of any  
19 securities and investments in which any of the moneys  
20 shall have been invested, as well as the proceeds of  
21 such investments; and

22 (5) The commission may pay out of any of the moneys held  
23 for investment, a reasonable amount to any person for

1           supplying investment advisory or consultive services;  
2           and to meet such other costs incident to the prudent  
3           investment of moneys as the commission may approve.

4           Any payment of principal, interest, or other earnings  
5 arising out of the loan or investment of money from this fund  
6 shall be credited to and deposited into this fund.

7           Sections 214, 215, 216, and 217 shall not apply to  
8 administration of this fund. The department is authorized to  
9 adopt rules under chapter 91 necessary to administer and carry  
10 out the purposes of this fund."

11          SECTION 3. Statutory material to be repealed is bracketed.  
12 New statutory material is underscored.

13          SECTION 4. This Act shall take effect on July 1, 1998.

APPROVED BY THE  
GOVERNOR ON

APR 23 1998

MIN J. CAYETANO  
GOVERNOR  
STATE OF HAWAII



KALI WATSON  
CHAIRMAN  
HAWAIIAN HOMES COMMISSION

JOBIE M. K. M. YAMAGUCHI  
DEPUTY TO THE CHAIRMAN

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

P. O. BOX 1879  
HONOLULU, HAWAII 96805

February 19, 1998

To: The Honorable Ed Case, Chair  
House Committee On Hawaiian Affairs

From: Kali Watson, Chairman *KW*  
Hawaiian Homes Commission

Subject: Testimony on H.B. 3020 Relating to the Hawaiian Homes  
Commission Act, 1920, As Amended

Chair Case and members of the House Committee On Hawaiian Affairs. Thank you for the opportunity to testify on H.B. 3020. The purpose of this Administration bill is to provide the Hawaiian Homes Commission greater flexibility in investing monies in the Native Hawaiian Rehabilitation Fund (NHRF). The commission is seeking authority to pursue investment opportunities which will generate a higher yield.

The NHRF is derived from 30% of the income from State sugar leases and water licenses. Due to the decline of sugar in recent years, proceeds to the fund have been decreasing. The department received approximately \$228,000 in NHRF earnings in FY 1997. DHHL uses the NHRF to fund grants, scholarships other community-based projects benefitting native Hawaiians. Our objective is to maintain the principal balance in the fund, and use the interest income or other earnings to finance program activities.

Like other public funds, NHRF monies are currently maintained by the Department of Budget and Finance in depositories authorized under Chapter 38, Hawaii Revised Statutes. In FY 1997 DHHL earned 5.23% in interest income from NHRF. H.B. 3020 would authorize NHRF monies to be invested in a manner similar to the State Employees Retirement System, in accordance with investment guidelines established by the Hawaiian Homes Commission. The ability to generate a higher yield will produce additional funds for program services.

We request your favorable passage of H.B. 3020, and would be happy to respond to any questions the committee might have.