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 Act, 1920, as amended, is amended by amending subsection (d) to read as follows:

   "(d) There are established in the treasury of the State [five special] four trust funds, to be known respectively as the Hawaiian home operating fund, [the Hawaiian home administration account,] 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 homes administration account."

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

   "(i) Native Hawaiian rehabilitation fund. Pursuant to Article XII, Section 1, of the State Constitution, thirty per cent 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 solely for the rehabilitation of
1 native Hawaiians which shall include[,] but not be limited to[,] 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 in 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 in chapter 88. 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 necessary to administer and carry
out the purposes of this fund."

SECTION 3. Statutory material to be repealed is bracketed.
New statutory material is underscored.
SECTION 4. This Act shall take effect on July 1, 1998.
To: The Honorable Ed Case, Chair  
House Committee On Hawaiian Affairs  

From: Kali Watson, Chairman  
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.