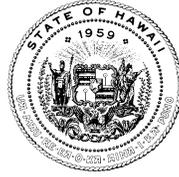


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DEPARTMENT OF HAWAIIAN HOME LANDS**

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TESTIMONY OF WILLIAM J. AILA, JR, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
HEARING ON FEBRUARY 5, 2021 AT 9:30AM VIA VIDEO CONFERENCE

HB 359 RELATING TO GAMING

February 4, 2021

Aloha Chair Quinlan, Vice Chair Holt, and members of the Committee:

The Department of Hawaiian Home Lands (DHHL) strongly supports this bill, which establishes a Hawai'i Gaming Commission authorized to issue a single forty-year license for an integrated resort on Hawaiian Home Lands designated for commercial use on the island of O'ahu excluding lands west of Ko Olina.

July 9, 2021 marks the one hundredth anniversary of the signing of the Hawaiian Homes Commission Act of 1920. While over 10,000 beneficiary families have received homestead awards in that time, another 28,000 beneficiaries and their families wait for the hope of Prince Jonah Kūhiō Kalaniana'ole's promise to his people.

As a condition of Statehood, the State also carries this promise to the native Hawaiian people to fulfill the mission of the Department. While recent funding allocations from the legislature are historically high, there remains a gap between the annual \$20-\$30 million the State can afford to allocate to the Department, and the nearly \$200 million that the Department and the Hawaiian Homes Commission believe is necessary to carry out its duties.

To date, there has been no legislative proposal in 100 years that both ensures reliable and consistent funding at the levels that this bill proposes or that envisions a solution to the ever-growing waitlist.

This bill authorizes the Hawaiian Homes Commission to exercise its authority over its lands to maximize its revenue generation by allowing the issuance of a single gaming license to operate an integrated resort. The Department believes, conservatively, an integrated resort including a casino on Hawaiian Home Lands could generate a minimum of \$30 million in annual tax revenue. This unprecedented revenue source is greater than the Department's total annual revenue receipts from all commercial lands combined. The Department would utilize these much-needed funds to

develop lots and acquire additional lands to satisfy the waitlist and develop native Hawaiian housing and communities in light of the State's housing and economic crises.

A single gaming facility could generate between 2,000 and 7,000 new jobs that extend far beyond service-industry occupations, including new positions that do not currently exist in Hawai'i in I.T. and computer science, accounting and auditing, investigations and enforcement, and executive level positions. Gaming jobs are generally higher paying – offering a solution to the State's growing number of kama'āina forced to leave the State and a pathway for those abroad to return home.

This bill also proposes a tax structure that brings revenue to both the Department and the State. The State stands to realize additional increases in general excise tax and transient accommodations tax revenues as a result of the positive economic impacts of an integrated resort. Gaming has been found to have a complementary, rather than substitution, effect on other businesses, and there is empirical evidence to support the "drawing power" of casinos and the impact of consumer spending on surrounding businesses.

The State of Hawai'i is uniquely situated between large domestic and international markets and has a robust visitor industry infrastructure, more so than many markets across the country that already generate billions of dollars in revenue. While the Department acknowledges the many concerns of social ills associated with gaming, the scientific community and over thirty years of research and data on gaming offer Hawai'i the means to both address these social ills and operate gaming responsibly.

Reports indicate no causal link between gaming and addiction, bankruptcy, poverty, and crime. In fact, jurisdictions that allocated resources from gaming revenue to address these possible outcomes have demonstrated no statistically significant increases in these ills, and in some cases have observed decreases.

While vulnerable communities in rural areas are often the focus of some reports to justify prohibiting gaming, we have instead learned that gaming is as equally powerful a tool in addressing many of the comorbidities that plague vulnerable communities. These approaches have instead empowered and offered economic independence for many indigenous communities across this country.

This bill provides an opportunity to generate and leverage funds at a larger scale to meet the myriad needs of the native Hawaiian people and of the Department.

Thank you for your consideration of our testimony.