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69TH CONGRESS }
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SENATE

{ REPORT
No. 844

AMENDING SO MUCH OF SECTION 55 OF THE HAWAIIAN ORGANIC ACT AS AMENDED BY THE HAWAIIAN HOMES COMMISSION ACT, APPROVED JULY 9, 1921

MAY 17 (calendar day, MAY 18), 1926.—Ordered to be printed

Mr. BINGHAM, from the Committee on Territories and Insular Possessions, submitted the following

REPORT

[To accompany H. R. 6535]

The Committee on Territories and Insular Possessions, to whom was referred the bill (H. R. 6535) to amend so much of section 55 of the Hawaiian organic act as amended by the Hawaiian Homes Commission act, approved July 9, 1921, having considered the same, report favorably thereon with the recommendation that the bill do pass with the following amendment:

On page 1, after line 11, insert the following:

SEC. 2. That so much of section 55 of the Hawaiian organic act, as amended, as reads "nor shall any bond or other instrument of any such indebtedness be issued unless made payable in not more than 30 years from the date of the issue thereof;" is amended by adding at the end thereof the following: "nor shall any issue of bonds or other instruments of any such indebtedness be made after July 1, 1926, other than such bonds or other instruments of indebtedness in serial form maturing in substantially equal annual installments, the first installment to mature not later than five years from the date of the issue of such series, and the last installment not later than 30 years from the date of such issue."

Report of the Secretary of the Interior is hereto attached.

DEPARTMENT OF THE INTERIOR,
Washington, May 13, 1926.

HON. FRANK B. WILLIS,
*Chairman Committee on Territories and Insular Possessions,
United States Senate.*

MY DEAR SENATOR WILLIS: Your letter of May 5, 1926, has been received inclosing a copy of H. R. 6535, entitled "An act to amend so much of section 55 of the Hawaiian organic act as amended by the Hawaiian Homes Commission act, approved July 9, 1921." The bill in question is substantially as follows:

"That so much of section 55 of the Hawaiian organic act as amended by the Hawaiian Homes Commission act, approved July 9, 1921, which reads: 'and

the total indebtedness of any such subdivision shall not at any time be extended beyond 3 per centum of such assessed value of property in the subdivision,' be amended to read as follows: 'and the total indebtedness of any such subdivision shall not at any time be extended beyond 5 per centum of such assessed value of property in the subdivision.' "

The reason for increasing the maximum from 3 to 5 per cent of the assessed valuation of property in each territorial subdivision arises out of the fact that under the present law sufficient funds can not be obtained to carry out very desirable improvements in the city and county of Honolulu. In the attached copy of a letter dated May 8, 1926, addressed by Governor Farrington to Delegate Jarrett, he states, among other things, that—

"The gross assessable values of real and personal property for the taxation period of the fiscal year 1925 in the first taxation division, which includes the city and county of Honolulu, was \$214,275,164, and the net value was \$192,104,784.

"On June 30, 1925, there had been authorized and issued for purposes of public improvement, confined exclusively to sewer extension, water extension, and street extension, public improvement loans totaling \$2,080,000. Adding to this total the three million dollar authorization for water and sewer purposes made by the legislature at its session in 1925, we have a total bonded indebtedness for the city and county of Honolulu of \$5,080,000. Three per cent of the net property value of approximately \$192,000,000 amounts to \$5,760,000. When the present three million dollar sewer and water loan is completed, there will thus remain authority for the floating of only \$680,000 additional. I think the opinion is quite general that this margin of loan appropriation is not sufficient to provide means for carrying on the work that is vitally pressing. The public improvements are of such a nature that there is every good reason why the funds for the work should not be charged in full against the present generation. The pipe lines and pumps and the highways when once completed, will last for years, and the payments should very properly be distributed over a period of 30 years.

"Under the authorization of the bill now before Congress, a 5 per cent debt limit on the present value of the city and county of Honolulu of approximately \$192,000,000 would give a margin for the future of approximately four millions of dollars. A total bonded indebtedness of the city and county of Honolulu of nine millions of dollars is by no means a heavy burden upon the taxpayers, and does not suggest that the people of the city would recklessly borrow money or go beyond their ability to pay. The authorization for the Territory and its municipal divisions to incur indebtedness is found in section 55 of the organic act. The debt limit for the Territory is 10 per cent of the assessed value of its real and personal property. The governor's report for 1925, on page 19, shows that the gross assessed value of real and personal property within the Territory has increased from \$121,000,000 in 1921 to \$360,000,000 in 1925.

"The city and county of Honolulu is the largest taxation unit in the Territory, and this evidence of the increasing values as shown by the report may be accepted as a fair index of the increasing values in the city and county of Honolulu."

In view of the facts set forth above I have to state that I am not aware of any good reason why the bill should not receive favorable consideration.

Very truly yours,

HUBERT WORK.

