

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON  
ECONOMIC REVITALIZATION, BUSINESS, AND MILITARY AFFAIRS  
ON  
HOUSE BILL NO. 1352

February 17, 2009

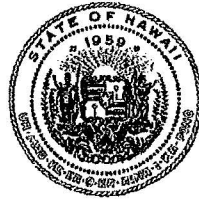
RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY

House Bill No. 1352 reconstitutes the governing body of the Natural Energy Laboratory of Hawaii Authority (NELHA) and moves the NELHA from the Department of Business, Economic Development and Tourism (DBEDT) to the Department of Budget and Finance (B&F).

We have no comment on the amendments to the governance structure but oppose the transfer of NELHA to B&F.

The NELHA's overall mission is to participate in the development and diversification of Hawaii's economy by providing resources and facilities for energy and ocean related research, education, and commercial activities. The NELHA is appropriately placed in the DBEDT. The NELHA's functions are completely aligned with DBEDT's mission to advance innovation and global competitiveness and with the other organizational entities within the department that focus on technology based industries in energy, the environment, the ocean etc. Placement in DBEDT maximizes access opportunities and coordination efforts that can only advance the NELHA.

LINDA LINGLE  
GOVERNOR OF HAWAII



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
LAURA H. THIELEN  
Chairperson**

**Before the House Committee on  
ECONOMIC REVITALIZATION, BUSINESS, & MILITARY AFFAIRS**

**Tuesday, February 17, 2009  
8:30 a.m.  
State Capitol, Conference Room 312**

**In consideration of  
HOUSE BILL 1352  
RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY**

House Bill 1352 proposes to move Natural Energy Laboratory of Hawaii Authority (NELHA) to the Department of Budget and Finance (B&F) for administrative purposes, expand the number of directors for NELHA to thirteen, modify the appointment process for directors, and remove the requirement that chairperson and secretary of the Research Advisory Committee serve as directors. The Department of Land and Natural Resources (Department) does not believe it is in the best interest to move NELHA from the Department of Business, Economic Development, and Tourism (DBEDT) to B&F, nor revamp the Board of Directors on NELHA by excluding certain current membership. As such, the Department does not support this measure.

As the landowner and lessor, the Department has an inherent interest in the activities of NELHA. NELHA is both a technological development resource and a business incubator, and there are compelling reasons to retain the program under its current arrangement. The proposed changes do not advance the program or add any benefit to the type of work they do. It is more important that NELHA focus on its mission and improving the way it conducts its affairs rather than tinker with peripheral matters such as removing it out from DBEDT or removing Board members who should be a part of its oversight. It's not a matter of where it is but how it is being managed.

**LAURA H. THIELEN**  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

**RUSSELL Y. TSUJI**  
FIRST DEPUTY

**KEN C. KAWAHARA**  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS



Statement of

**Donna Mau**

**Acting Technical Director**

National Defense Center of Excellence for Research in Ocean Sciences (CEROS)

before the

**HOUSE COMMITTEE ON ECONOMIC REVITALIZATION, BUSINESS, AND MILITARY  
AFFAIRS**

February 17, 2009

8:30 AM

State Capitol, Conference Room 312

in consideration of

**HB 1352**

**RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY**

Chair McKelvey, Vice-Chair Choy, and members of the House Committee on Economic Revitalization, Business, & Military Affairs, I am Donna Mau, Acting Technical Director of the National Defense Center of Excellence for Research in Ocean Sciences (CEROS), located in Kailua-Kona.

HB1352 moves the Natural Energy Laboratory of Hawaii Authority (NELHA) to the Department of Budget & Finance for administrative purposes. CEROS requests the bill be modified to exclude CEROS from the proposed move.

CEROS is a State of Hawaii program that has managed federal Department of Defense Research and Development funds for over 15 years. The program is funded by the Defense Advanced Research Projects Agency (DARPA), who actively participates in the contract selection and oversight. Historically, CEROS has selected and managed over 231 projects representing over \$87 million in federal funds.

CEROS is administratively a part of NELHA both geographically and financially. The CEROS Project office is located at the NELHA facility and the CEROS program is in NELHA's budget. Both CEROS and NELHA report to the NELHA Board of Directors. CEROS values its satisfactory operational relationships with DBEDT and would like to be excluded from the proposed move to the Department of Budget and Finance.

With CEROS administratively under DBEDT through NELHA, CEROS' operations will be impacted by SB1352. A move to the Department of Budget and Finance will alter CEROS management and procurement operations. Both DARPA and the Hawaii Congressional Delegation support CEROS' decision to remain within DBEDT where the established and functional lines of authority will remain in place.

Last legislative session, SB1793 which proposed NELHA communicate directly with the Governor and Legislature was modified under 227D, HRS to include the statement, "This section shall not apply to any of the authority's powers or actions related to CEROS." Similarly, I propose the following statement be added to SB1352, "This section shall not apply to the National Defense Center of Excellence for Research in Ocean Sciences (CEROS)."

Thank you very much for your consideration of my testimony.