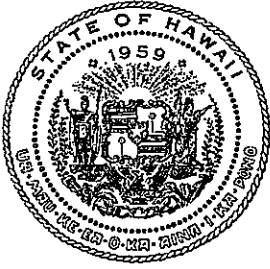

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 29, 2011 9:10 AM
To: WLOtestimony
Cc: mike.j.mccartney@hawaiiauthority.org
Subject: Testimony for HB1258 on 1/31/2011 9:00:00 AM
Attachments: HB1258 Banyan Drive District WLO 01-31-11.docx

Testimony for WLO 1/31/2011 9:00:00 AM HB1258

Conference room: 325
Testifier position: support
Testifier will be present: Yes
Submitted by: Mike McCartney
Organization: Hawaii Tourism Authority
Address: 1801 Kalakaua Avenue Honolulu, Hawaii 96815
Phone: 808-973-2288
E-mail: mike.j.mccartney@hawaiiauthority.org
Submitted on: 1/29/2011

Comments:



Hawai'i Tourism Authority

Hawai'i Convention Center, 1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
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LINDA LINGLE
Governor

MIKE MCCARTNEY
President and
Chief Executive Officer

Testimony of
Mike McCartney
President and Chief Executive Officer
Hawai'i Tourism Authority
on
H.B. 1258
Relating to the Banyan Drive community Development district

House Committee on Water, Land, & Ocean Resources
Monday, January 31, 2011
9:00 a.m.
Conference Room 325

The Hawai'i Tourism Authority (HTA) strongly supports H.B. 1258 which:

- Establishes a Banyan Drive community development district under the Hawaii Community Development Authority;
- Establishes an five-member advisory committee to work with the Authority to develop the district improvement program and development guidelines for the area;
- Outlines development guidance policies for the area; and establishes a revolving to receive funds for the community development district from appropriations, leases, and development agreements that are to be used solely for projects in the district; and
- Transfers the leases of state lands from the Department of Land and Natural Resources in the Banyan Drive resort area to the Hawaii community Development Authority

During the HTA's annual meeting with stakeholders of the visitor industry in East Hawaii, the subject of up-grading the visitor facilities on Banyan Drive is always raised. These facilities are vital to events such as the Merrie Monarch Festival, the Hawaii Island Festival-30 Days of Aloha, Hawaii Volcanoes National Park's Cultural Festival, and the Hilo Chinese New Year's Festival.

The Banyan Drive resort area on the island of Hawaii contains about eighty-five per cent of the overnight accommodations in East Hawaii. The State of Hawaii owns most of the Banyan Drive resort area and has fifteen leases in the area, ten leases covering resort facilities (Nanihoa, Hilo Bay, and Hilo Hawaiian), three leases for three apartment/condominium facilities (Country Club, Bayview Banyan, and Reed's Bay), one golf course lease, and one restaurant lease. With many of the leases expiring in 2015, there were few incentives for lessees to make major investments in improvements to their facilities.

In 2000, the Legislature enacted Act 55, which authorized the Department of Land and Natural Resources to issue leases to the existing Banyan Drive lessees, subject to several conditions specified in the Act. The Attorney General, however, said that Act 55 was special legislation because it was enacted to benefit the Banyan Drive lessees specifically, a violation of Article XI section 5 of the Hawaii Constitution. As a result, facilities in the Banyan Drive area have been deteriorating, seriously affecting the marketing of East Hawaii as a visitor destination.

The HTA is tasked with marketing and promoting Hawai'i as a visitor destination, with the goal of increasing visitor spending. One of the keys to branding Hawaii's visitor industry and increasing visitor spending is the improvement of the tourism product, which includes the physical infrastructure. For this reason, H.B. 1258 is particularly important for the upgrading of visitor industry facilities in the Banyan Drive area on the Island of Hawaii. Banyan Drive is the only significant resort area in East Hawai'i and is on land entirely owned by the State.

Beginning this summer there will be direct flights from the mainland to Hilo, and East Hawaii is also being considered as the site for an educational tourism experience. The lack of facilities from a quantitative and qualitative standpoint, however, may prevent the full development of these marketing opportunities.

As such, the HTA supports H.B. 1258, which would facilitate the improvement of the visitor infrastructure at Banyan Drive in East Hawaii, ensuring that East Hawaii remains competitive as a destination while providing enhancements to the visitor experience.

We urge you favorable consideration of this measure.

From: Loretta Ho [Loretta@hcdaweb.org]
Sent: Friday, January 28, 2011 1:15 PM
To: WLOtestimony
Subject: HB1258_BED-HCDA_013111_WLO Testimony for January 31, 2011 9:00am hearing
Attachments: HB1258_BED-HCDA_013111_WLO.pdf

Importance: High

To Whom It May Concern:

Attached is HCDA's testimony for HB 1258 Relating to Banyan Drive Community Development District Monday, January 31, 2011 9:00am hearing.

Thank you,
HCDA

Loretta Ho
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HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



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KALAELOA

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STATEMENT OF

ANTHONY J. H. CHING, EXECUTIVE DIRECTOR
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE

HOUSE COMMITTEE ON WATER, LAND & OCEAN RESOURCES

MONDAY, JANUARY 31, 2011

9:00 A.M.

State Capitol, Conference Room 325

**H.B. 1258 - RELATING TO THE BANYAN DRIVE COMMUNITY
DEVELOPMENT DISTRICT.**

Purpose: Establishes Banyan Drive Community Development District on the island of Hawaii.

Position: The HCDA supports the passage of this proposal and offers the following comments.

Section 1 – Establishes the Purpose of the Banyan Drive Community Development District. §206E-5 allows the legislature by statute to designate an area (such as proposed) as a community development district. §206E-6 also tasks the HCDA to identify necessary district-wide public facilities and improvements within a community development district.

The stated purpose in establishing this new community development district is to address deterioration of area infrastructure, facilities and a lack of tenant improvements. The proposal also tasks the HCDA with planning and establishing compatible hotel and resort, commercial, residential and public uses which benefit East Hawaii.

As the HCDA currently has the mandate, capacity and willingness to plan and undertake improvement and development projects as directed by the Legislature and specified in the proposal, we will support the creation of this new community development district.

Establishes an Advisory Committee. §206E-3 requires that at least three additional members are added when a new community development district is established.

As the proposal establishes a five person advisory committee and a process for selection of its members, this requirement has been met. However, as the proposal only allows that the advisory committee “submits its recommendations to the authority”, I would propose that the proposal be amended to provide that the five member Banyan Drive Community Development District members count towards quorum of the Authority in dealing with matters related to this district and are fully qualified voting members.

Development Guidance Policies. No comment or amendments.

Banyan Drive Community Development Revolving Fund. The HCDA agrees that in order to provide accountability and transparency in its operations, a separate fund such as proposed must be established.

Section 2 – Amendments to Section 206E-3. No comment or amendments.

Section 3 and 4 – Transfer to the HCDA deeds for fifteen parcels in the Banyan Drive area currently encumbered by leases administered by the Department of Land and Natural Resources. While the HCDA defers to the DLNR on this subject, I acknowledge the logic that all revenues from State lands generated in the Banyan Drive area should seed and support district wide public facility and improvement projects. In addition, coordination of tenant improvements with the management of the district wide public facility and improvement projects is most efficiently administered by one entity. In addition, should these parcels be transferred to the HCDA, it is implicitly understood that all proceeds from these lands would be earmarked only for the benefit of the proposed Banyan Drive Community Development District.

Finally, the HCDA acknowledges that should the Legislature designate this new community development district, it will be the agency’s responsibility to work closely with and be accountable to the five new members and all existing members of the Authority, other state agencies, the County of Hawaii, district stakeholders and the general public in managing district assets, developing and implementing

district wide public facility and improvement projects and charting the future directions of the vital area of East Hawaii.

Thank you for the opportunity to provide testimony on this legislative proposal.