

HB 1505

HD2, SD1

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 1505, H.D. 2, S.D. 1

April 1, 2011

RELATING TO STATE FACILITIES

House Bill No. 1505, H.D. 2, S.D. 1, establishes a State Facility Renovation Partnerships Program to be administered by the Department of Accounting and General Services (DAGS) and it creates a State Facility Renovation Partnership special fund to be administered by DAGS. The special fund will receive moneys from the sale or lease of State facilities to be used to fund the operations of the State Facility Renovation Partnership Program.

The department recognizes the benefit of user fees to offset operational expenses and costs. However, as a matter of general policy, the Department of Budget and Finance expects the creation of any special fund would meet the requirements of Sections 37-52.3, Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. In regards to House Bill No. 1505, H.D. 2, S.D. 1, it is difficult to determine whether the State Facility Renovation Partnership special fund would be financially self-sustaining.

Further, the Department would like to note that the sale of public buildings that were previously financed with general obligation bonds that are currently outstanding may trigger a "change of use" of the bond financed building, as the owner of the building for federal tax purposes will be a private entity. This may result in a pro-rated portion of the general obligation bonds outstanding to become taxable which will create a liability for the State. There may be options to address this issue by using a portion of the sales proceeds to pay off the outstanding bond debt associated with a building. As such, further discussions with bond counsel will be necessary to ensure compliance with federal tax requirements.

The strategy of selling public buildings and leasing them back is a fiscal practice that is used in other states and jurisdictions. There are long-term financial considerations that would be either beneficial or to the detriment of the State as landowner and the occupant of the building. Each transaction or building would pose different considerations. The Department would urge that authority to enter such transactions be given with diligent care to ensure future State interests are preserved. The Department would work with DAGS on implementing or reviewing any transaction.



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TESTIMONY OF ANDRES ALBANO JR.

BEFORE THE SENATE COMMITTEE ON **WAYS AND MEANS**
HOUSE **BILL 1505 HD 2, SD1**
APRIL 1, 2011

Chair David Y. Ige, Vice Chair Michelle Kidani and Members of the Committee:

As I have done before the House Committee on Water, Land & Ocean Resources, the House Committee on Finance and the Senate Committee on Water, Land and Housing, I am affirming my support of HB 1505 HD 2, SD1.

Thank you for allowing me to provide testimony.
Aloha!

Andres Albano Jr.
Senior Vice President

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 30, 2011 1:51 PM
To: WAM Testimony
Cc: cowgirlinhawaii@yahoo.com
Subject: Testimony for HB1505 on 4/1/2011 9:00:00 AM

Testimony for WAM 4/1/2011 9:00:00 AM HB1505

Conference room: 211
Testifier position: oppose
Testifier will be present: No
Submitted by: Beth Malvestiti
Organization: Individual
Address:
Phone:
E-mail: cowgirlinhawaii@yahoo.com
Submitted on: 3/30/2011

Comments:
OPPOSITION TO COMMERCIAL MOORING

I am opposed to the traffic congestion, parking problems, and disruption that would be caused by allowing commercial operators to moor boats at the Ala Wai Harbor. The State already has a facility for commercial operators at nearby Kewalo Basin, a location much better able to handle traffic, parking and general disruption.

It's interesting to note that Kewalo Basin does not have enough demand from commercial operators to fill its slips and has begun allowing recreational boaters to use the facilities.

This is a health & safety issue for our Junior sailors, paddlers and surfers!!