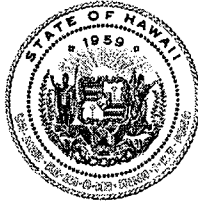
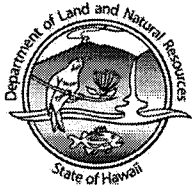


SB 1385

SD 1

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the Senate Committee on
WAYS AND MEANS**

**Tuesday, March 1, 2011
9:20 AM
State Capitol, Conference Room 211**

**In consideration of
SENATE BILL 1385, SENATE DRAFT 1
RELATING TO PUBLIC SCHOOL LANDS**

Senate Bill 1385, Senate Draft 1 authorizes the creation of a public school lands trust tasked with the management of public school trust lands. The trust would manage the lands for the purpose of maximizing the use of public school lands to generate income to fund improvements of school infrastructure. In addition, the bill provides for the transfer of title of all lands under state or county ownership, set aside by executive order to the Department of Education (DOE), to the trust for no compensation. The bill also provides for the creation of a public school lands trust commission (Commission) to manage, administer and exercise control over the public school trust lands. The Department of Land and Natural Resources (Department) has concerns with this bill as written.

The administrative responsibility for the Commission is placed with the Department. The Department is extremely concerned with this provision. As these lands would not generate income immediately, this would impose a tremendous administrative burden on the Department, which it currently cannot afford. The Department continues to face severe budget cutbacks. The Department's general fund appropriations and special fund revenues have dropped significantly over the last several years, and the Department lost more than 10% of its positions over the past three years. The bill imposes duties that would require a substantial amount of staff time and funding. The Department simply does not have the resources and staffing necessary to undertake the additional duties that would be required under this bill.

Furthermore, the Department would like to note that the Commission is akin to a development authority, but the bill does not provide the commission with special powers as granted to similar development agencies. This may hamper the Commission in its ability to successfully develop the lands and fully realize revenue generation potential.

WILLIAM J. AILA, JR.
INTERIM CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

GUY H. KAULUKUKUI
FIRST DEPUTY

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FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

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
SENATE BILL NO. 1385, S.D. 1

March 1, 2011

RELATING TO PUBLIC SCHOOL LANDS

Senate Bill No. 1385, S.D. 1, establishes the Public School Lands Trust to maximize the use of public school lands and to generate income to improve public school facilities. This bill establishes the Public School Lands Trust Permanent Fund, into which shall be deposited all proceeds from the sale of public school trust lands. This bill also establishes the School Facilities Special Fund, into which shall be deposited the interest income accruing to the Public School Lands Trust Permanent Fund, and all proceeds from leases, permits, interest from sale contracts and other revenue. The School Facilities Special Fund shall be used to construct and improve public school facilities.

As a matter of general policy, the Department of Budget and Finance does not support the creation of any special fund which does not meet the requirements of Section 37-52.3 of the 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 Senate Bill No. 1385, S.D. 1, it is difficult to determine whether there is a clear nexus between the benefits sought and the charges made upon the users or beneficiaries of the program and whether the fund will be self-sustaining.

WRITTEN COMMENTS

Date: 03/01/2011

Committee: Senate Ways and Means

Department: Education

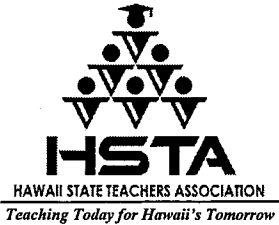
Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 1385,SD1(sscr334) RELATING TO PUBLIC SCHOOL LANDS.

Purpose of Bill: Establishes the public school lands trust to provide for the maximum use of public school lands in order to generate income to improve public school facilities and infrastructure to meet the challenges of the twenty-first century and beyond. (\$)

Department's Position: The DOE appreciates the intent of the bill and agrees that adequate funding continues to be a challenge. However, the DOE has major concerns regarding the bill's implementation and practicality:

1. The fractured nature of current ownership of school lands, between the counties and the state makes consolidation of lands under a single entity challenging.
2. The relative value of schools lands are undetermined and may not be substantial enough to generate any substantial revenue.
3. Under the State Constitution, the Department of Land and Natural Resources already has this responsibility as the Landowner for the State. The creation of a separate school land trust may be duplicative.



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Executive Director

**TESTIMONY BEFORE THE SENATE COMMITTEE ON
WAYS & MEANS**

RE: SB 1385, SD1 -- RELATING TO PUBLIC SCHOOL LANDS.

March 1, 2011

**WIL OKABE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION**

Chair Ige and Members of the Committee:

The Hawaii State Teachers Association (HSTA) supports the concept and intent to provide funding for public education through SB 1385, SD1. It goes without saying that our school facilities are in dire need of repair, maintenance and improvement of systems and infrastructure to meet the twenty-first century challenges in technology and education.

HSTA believes that the administering of the sales of public lands should be done fairly and in accordance with statute. It is also with belief that all sales may not generate the revenues necessary to meet the challenges to modernize our school infrastructures and systems necessary to prepare and educate our students for the global society they will work in and therefore will need to depend on funding beyond this trust.

Thank you for the opportunity to present testimony.

Owen Miyamoto
3209 Paty Drive
Honolulu, HI 96822-1439

February 28, 2011

Honorable David Y. Ige, Chair
Honorable Michelle Kidani, Vice Chair
Honorable Members of the Senate Committee on Ways and Means

I am submitting comments in support for SB 1385 Relating to Public School Lands

I am a member of the Technical Review Committee for the Hawaii 3R's Program, which provides funding for small projects to repair, remodel and restore our public schools. I am not speaking on its behalf. The Technical Review Committee examines proposals from the school. Funding has been provided through Senator Inouye's efforts and each project must leverage the financial contribution with the sweat equity of volunteers. Private sector contributors provide additional funding.

It is clear that the 3R's program cannot possibly meet the huge backlog of repairs and upgrades needed for the school system. Further, the deficit of the federal budget makes it unlikely that the US government can be counted on continuing its support.

Although the details of how the proposed Public Schools Land Trust will operate need clarification, it represents an opportunity to capture revenues from lands that are presently unused. The recent announcement by the Department of Education to close underutilized schools adds urgency to early planning for the most effective use of vacated facilities to produce the revenues proposed by SB1385. Using school buildings, such as Lilookalani Elementary for office space is probably not the most efficient use of an old structure. However, with careful planning and organizing, there are clearly locations with potential higher and best use could result in needed revenues for our schools. Possibly, legislation could be written to authorize a pilot program to test the concept.

I urge your favorable action to approve SB 1385. Thank you for the opportunity to present my views.


Owen Miyamoto