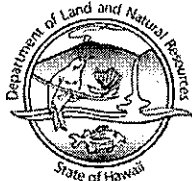


NEIL ABERCROMBIE
GOVERNOR OF HAWAII



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

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

**Before the Senate Committee on
WATER, LAND, AND HOUSING**

**Tuesday, February 8, 2011
1:15 PM
State Capitol, Conference Room 225**

**In consideration of
SENATE BILL 627
RELATING TO THE HAWAII PUBLIC LANDS DEVELOPMENT CORPORATION**

Senate Bill 627 would create the Hawaii Public Lands Development Corporation "to make optimal use of public lands for the economic, environmental, and social benefit of the people of Hawaii." The Department of Land and Natural Resources (Department) has concerns about this bill.

The creation of a new public corporation within the Department may not significantly improve the Department's efforts to optimize public use and develop the revenue potential of public lands, and will instead seriously jeopardize the Department's ability to fund its own programs and operations as well as take advantage of public-private partnerships it is already pursuing.

The Department appreciates the intent of the bill to create a development arm of the Department to assist in making optimal use of public lands for the economic, environmental and social benefit of the people of Hawaii, and create revenue-generating opportunities for the new corporation and the Department. Unfortunately, as drafted, the bill will likely only serve to create an additional organizational layer, and the transfer of public lands suitable for development from the Department to the new corporation will hamper the Department's ability to expand its future revenue generating potential because any revenue generated from those lands would first go to the new corporation and the excess, if any, that would be transferred to the Department.

Aside from the fiscal shortfalls and restrictions, the most serious impediments to development that have hampered the Department's efforts to make optimal use of public lands are the restrictions imposed by Chapter 171, Hawaii Revised Statutes, and the costly and time-consuming zoning and building requirements set by the Counties. Special development corporations and agencies, such as the Agribusiness Development Corporation, Hawaii

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WILLIAM M. TAM
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AQUATIC RESOURCES
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FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Community Development Corporation, and Department of Hawaiian Homes Lands, are able to carry out their missions of developing state lands for their respective purposes effectively because they have been provided statutory exemptions from those restrictions and requirements. As written, Senate Bill 627 fails to provide the new corporation any relief from those restrictions and requirements for lands it would develop. Without such relief, the new corporation will not have the development advantages of the other special development corporations and agencies and face the same development impediments that the Department currently faces.

Additionally, the Department notes the Senate Bill 627 provides that where the new corporation requires public lands for its purposes that are under the control and management of agencies other than the Department, the other agencies may lease the lands to the corporation with the approval of the Governor. The Department observes that unless the corporation and the agency whose land is sought have common goals, objectives and missions, in practice it may be difficult for the parties to come to an agreement. The bill provides no guidance on how to resolve conflicts between the corporation and other agencies over land dispositions. The Department is concerned that this bill may give rise to certain expectations of the Department that may be difficult to implement and achieve in the expected expedited fashion.

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
INTERIM DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WATER, LAND, AND HOUSING
ON
SENATE BILL NO. 627

February 8, 2011

RELATING TO THE HAWAII PUBLIC LANDS DEVELOPMENT CORPORATION

Senate Bill No. 627 creates the Hawaii public lands development corporation to optimize the use of public lands for the economic, environmental, and social benefit of the people of Hawaii and establishes the Hawaii public lands development revolving fund to be used to carryout the purposes of the corporation. Senate Bill No. 627 also appropriates an unspecified amount from the general fund for the corporation.

As a matter of general policy, the Department of Budget and Finance does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4 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. 627, 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.



Meadow Gold Dairies



Testimony by: Glenn Muranaka
SB 627, Relating to Hawaii Public Lands Development Corporation
Sen WLH Hearing, Tuesday, Feb. 8, 2011 – 1:15 pm
Room 415
Position: Support Discussion

Chair Dela Cruz and Members of the Senate WLH Committee:

My name is Glenn Muranaka, President and General Manager of Meadow Gold Dairies. Our company has been in Hawaii since 1897—114 years, providing Hawaii consumers with a variety of milk products and juices. Meadow Gold's long history has not come without effort. We continually adapt to our customers' and consumers' ever-changing needs, and we constantly evolve along with our industry, our community and our market. Over the years, this has required that we struggle, tighten our belts, innovate and work extremely hard, making us a better company in the process. The foundation of this work rests with the 350 employees that are committed to providing superior quality products.

Meadow Gold supports this bill and encourages further discussion that would look at optimizing the use of large tracts of public lands for the economic, environmental and social benefit of the people of Hawaii. We are pleased that the language of the bill includes the reference to “value-added products”, “farm credit institution”, and appears to be inclusive of agriculture-related enterprises.

This measure can be the catalyst for discussion of Hawaii's long-term vision and planned use of large tracts of public lands under a consolidated umbrella.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 944-5911.