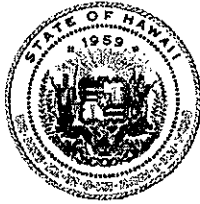
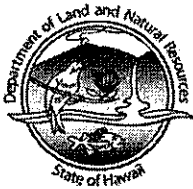


NEIL ABERCROMBIE
GOVERNOR OF HAWAII



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

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

**Before the House Committee on
WATER, LAND, AND OCEAN RESOURCES**

**January 31, 2011
9:00 AM**

State Capitol, Conference Room 325

**In consideration of
HOUSE BILL 1258**

RELATING TO THE BANYAN DRIVE COMMUNITY DEVELOPMENT DISTRICT

House Bill 1258 would require the Department of Land and Natural Resources (Department) to transfer to Hawaii Community Development Authority title and as such, all revenues to the Banyan Drive hotel and resort leases. The Department of Land and Natural Resources opposes this bill primarily because it relies on the income generated from the Banyan Drive resort leases to support the Department's various missions and responsibilities. Specifically, the income generated from the Banyan Drive leases would go to the Department's Special Land and Development Fund (SLDF).

The SLDF covers 100% of the payroll, fringes, operating and maintenance expenses for the Department's Land Division, the Office of Conservation and Coastal Lands, the Geothermal Program staff, and most recently, the Dam Safety Program as mandated by the 2009 Legislature. The SLDF also covers the payroll and fringes of certain staff from the Commission on Water Resource Management, and has been relied upon by most Divisions and Offices within the Department to cover emergency response, hazard mitigation and budgetary shortfalls in program funding. Over the years, the importance of the SLDF to the Department has correspondingly increased, especially during declining economies and tight budgets. The elimination of the Banyan Drive revenues would certainly hurt the Department.

To the extent a purpose of the bill was to allow for improvements to be made in the Banyan Drive area, the Department respectfully points out that existing law already allows the Counties to designate an improvement district and assess the neighboring/benefitting property owners a fee to cover the costs to improve certain common and public areas within the improvement district. This may achieve one of the objectives of the bill. In any event, the Department is unable to support this bill for the reasons stated above.

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

GUY H. KAULUKUKUI
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
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