

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. 1184

February 3, 2011

RELATING TO DEVELOPMENT INFRASTRUCTURE.

Senate Bill No. 1184 provides for the establishment of a county infrastructure development loan program to be administered by the Department of Budget and Finance.

The Department supports the intent of this bill which will facilitate the development of infrastructure of compact development near transit hubs. However, as the bill proposes to appropriate a yet to be determined amount of general funds, the funding will need to be consistent with the priorities of the Biennium Executive Budget.

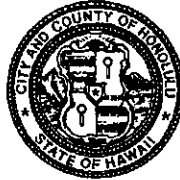
The Department recommends that the bill be amended to specifically include a maximum loan term and general parameters for loan amortization structures to allow the Department to originate and administer loans consistent with the intent of this bill. We also note that the Department will have to evaluate the additional staffing needs, if any, to implement this program.

Thank you for the opportunity to provide our testimony on this bill.

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**

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February 3, 2011

The Honorable Donovan M. Dela Cruz, Chair  
and Members of the Committee on Water, Land and Housing  
State Senate  
State Capitol  
Honolulu, Hawaii 96813

Dear Chairs Dela Cruz and Members:

**Subject: Senate Bill No. 1184  
Related to Development Infrastructure**

The Department of Planning and Permitting **strongly supports** Senate Bill No. 1184, which would add to Section 36, HRS, a new infrastructure revolving fund under the director of budget and finance. It would support the development of transit-oriented development (TOD), with priority being given to those projects which increase infrastructural capacity on a regional or collector system basis.

Transit-oriented development offers many benefits to the State of Hawaii. TOD promotes pedestrian friendly communities; it reduces traffic congestion, air pollution, and dependence on imported oil; it increases transit ridership, making public transportation more economically viable and ensuring greater transportation equity; it can minimize future sprawl, preserving valuable agricultural and conservation lands; and it can be a magnet for preferred developments that can stimulate the State's economy.

Decades of lack of support for increasingly aging infrastructure systems – in particular, sewer, water and roadways - has become a major obstacle to implementing the counties' growth management policies and reintegration of older communities. With the opportunity for social and economic development opportunities posed by TOD, attention to basic infrastructure capacities is essential.

However counties cannot bear the costs of upgrades alone. It is estimated that the cost just to upgrade the City and County of Honolulu's sewer system is \$2 billion. The Department of Planning and Permitting believes that a revolving fund providing no-interest loans to counties for infrastructure projects would expedite the development of TOD projects and would benefit the State's economy and quality of life for its residents.

The Honorable Donovan M. Dela Cruz, Chair  
and Members of the Committee on Water, Land and Housing  
State Senate  
Re: Senate Bill No. 1184  
February 3, 2011  
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Please pass Senate Bill 1184. Thank you for the opportunity to testify.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'D. Tanoue', is written over a horizontal line.

David K. Tanoue, Director  
Department of Planning and Permitting

DKT:jmf  
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