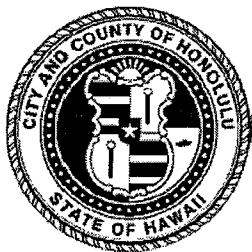


LATE



CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII 96813-3065 / TELEPHONE 768-5010

TULSI GABBARD TAMAYO
HONOLULU CITY COUNCIL, DISTRICT 6
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EMAIL: TGABBARD@HONOLULU.GOV

February 28, 2011

Senator David Ige, Chair
Senate Ways and Means Committee
Hawai'i State Capitol, Room 215
Honolulu, HI 96813

**RE: OPPOSITION TO SB 1385 SD 1 – EDUCATION; PUBLIC SCHOOL LANDS TRUST AND
OPPOSITION TO SB 1186 SD 1 – TRANSIENT ACCOMMODATIONS TAX; TOURISM SPECIAL FUND**

Dear Chair Ige and Committee Members:

Thank you for the opportunity to provide testimony in opposition of SB 1385 SD 1, which would establish a public school lands trust, and opposition to SB 1186 SD 1, which would cap Honolulu's portion of the transient accommodations tax.

SB 1385 SD 1 is a well intentioned effort to provide significant funding to help take Hawaii's public schools into the twenty-first century. I believe I can speak for all Honolulu City Councilmembers when I say that we wholeheartedly support this goal. We are similarly united in our belief that SB 1385 SD 1 is not the vehicle that will achieve this goal. I have attached for your information a copy of Council Resolution 11-60, which was adopted unanimously at the February 23, 2011 council meeting. This resolution urges the State Legislature to shelve the Senate and House versions of the bill.

Our opposition to SB 1385 SD 1 can be summarized into four points:

1. **The loss of city park space.** Many schools with adjoining city parks are co-located on one parcel of land. The bill is silent about plans to subdivide these lands or to protect the park use. The current amount of park space is not sufficient to meet the current level of demand. The loss of park space will affect after-school programs, organized sports, community activities, and will result in the loss of community green space. In urban areas, there are no vacant lands that could ever replace the lost park space.
2. **The bill only provides minimum oversight.** According to the bill, the land trust's commission and staff will be responsible for overseeing hundreds of millions of dollars of assets and cash. The commission will also be expending monies to hire private consultants, enter into agreements, and manage assets. The only oversight mechanism put forth in the bill is a requirement for an annual report to the Legislature and a super majority vote by the Legislature to approve the sale of any land. With so much money and assets at stake, we are extremely concerned about the lack of a more robust oversight mechanism.
3. **The public participation requirement is weak.** The bill only requires two public hearings, one in the study phase and one in the decision phase. With the potential impacts to the community, we urge you to require the commission to notify and engage the public, including the school, residential and business communities, at every step of the way.
4. **The financial gain to the state does not pencil out.** The bill cites the potential of generating \$120,000,000.00 with the redevelopment of ten parcels. In page 4 of the Hawaii Institute for Public Affairs' (HIPA) Project Narrative, Considering the Value of Underutilized Public School Lands, a similar example is cited using 15 schools, in which approximately 40 acres of land results in \$250,000,000.00 to the trust. Without the specific details used in both of these calculations, I must only speak in general terms. I do not understand how substantial monies can be realized from the redevelopment of school properties unless these properties were sold and the new owner was allowed to develop the land to its highest and best use, which normally means a commercial development or a highrise building. The bill restricts the use of lands sold to single residential use only, and only if that use is deemed to be the highest and best use for the lands. Under that condition, how will any significant funds be generated for the trust? Furthermore, if the land is leased for commercial use, the trust will only realize lease income on a monthly basis. It would take an inordinately long period of time before the trust realizes \$120,000,000.00, let alone \$250,000,000.00.

On the second matter, SB 1186 SD 1 caps the counties' portion of the transient accommodations tax (TAT) at \$90,000,000.00. The Council's committee on Safety, Economic Development and Government Affairs met today and unanimously passed Resolution 11-65, which calls for the shelving of SB 1186 SD 1 among other bills. The Council's opposition to this bill is centered on three major concerns:

1. **With island tourism on the upswing, the need for services will increase.** Since its inception, the TAT's function was to offset the expense of providing vital City services to areas that primarily cater to tourists. These services include police, fire, lifeguard, water, sewers and street sanitation. The number of tourists visiting Oahu is expected to increase over the next few years. With this increase comes a proportional increase in demand for services. By placing a cap on the City's portion of this tax, we cannot reasonably respond to the increase in the demand for services. How does this affect the quality of the experience for the visitor? How does it affect the stresses placed on city infrastructure by increased use?
2. **It would be unfair to ask Honolulu residents to cover the tax shortfall.** The only other option for covering the tax shortfall and the corresponding increase for services would be to raise the real property tax burden on Oahu taxpayers. To pay for services that they would not receive a direct benefit from would be patently unfair.
3. **To balance the State's budget on the backs of County taxpayers is blatantly unfair.** All levels of government are experiencing difficult budget challenges. The City is about to deliberate on its budget for the upcoming fiscal year and will be dealing with shortfall challenges of its own. The taking of funds from one jurisdiction to balance the budget of another jurisdiction is unfair and irresponsible.

I want to thank you for this opportunity to convey my thoughts on these two bills. If you have any questions about my testimony, please do not hesitate to contact me.

Mahalo nui loa,



Tulsi Gabbard Tamayo, Chair

Committee on Safety, Economic Development, and Government Affairs



RESOLUTION

URGING THE LEGISLATURE OF THE STATE OF HAWAII TO SHELVE SENATE BILL 1385 AND HOUSE BILL 952 CONCERNING THE PUBLIC SCHOOL LAND TRUST.

WHEREAS, Senate Bill 1385 and House Bill 952 (hereinafter referred to as the "Bills") seek to establish a public school land trust; and

WHEREAS, the public school land trust will include all the public school lands and the trust will maximize the use of the lands and use the lands to generate income; and

WHEREAS, under the terms of the Bills, where the title to public school lands is held by a county, the title to the public school lands is transferred from the county to the public school lands trust by operation of law; and

WHEREAS, on Oahu, the title to many of the public school lands is held by the City and County of Honolulu and these lands are not only used for public schools but also for public parks which are adjacent to the schools; and

WHEREAS, the City already suffers from a shortage of park lands for active play and any loss of park lands would exacerbate this problem; and

WHEREAS, the Council feels that while the Bills may be well-intentioned, the council strongly believes that the steps necessary for the implementation of the Bills are not specified. Among the Council's concerns with the Bills are:

1. The Bills do not specify which lands will be affected; and
2. The Bills do not provide for adequate public input and participation throughout the redevelopment process; and
3. The Bills do not specify the process by which public school lands to be sold or developed would be selected or the criteria for the selection;

and

WHEREAS, if one of the Bills is enacted and the title of the public school lands were transferred to the public school land trust, the council has many concerns including:



RESOLUTION

1. All existing schools may be subject to possible closure or redevelopment, thereby disrupting the vital fabric of the surrounding community; and
2. The city would lose a considerable number of public parks which are adjacent to schools with no compensation being provided to the city and no provision for providing the city with replacement park lands; and
3. The closing of those parks will result in the cancellation of many after school parks programs, organized sports, and community programs held there;

now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that it urges the state legislature to shelve Senate Bill 1385 and House Bill 952; and



RESOLUTION

BE IT FINALLY RESOLVED that this Resolution be transmitted to the Speaker of the House and all members of the House of Representatives of the Hawaii State Legislature and the Senate President and all members of the Senate of the Hawaii State Legislature.

INTRODUCED BY:

Melii Habta Ramayo
Breene Kani

41317 01031108

DATE OF INTRODUCTION:

FEB 18 2011
Honolulu, Hawaii

Councilmembers

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

RESOLUTION 11-60

Introduced: 02/18/11 By: TULSI GABBARD TAMAYO

Committee: COUNCIL

Title: RESOLUTION URGING THE LEGISLATURE OF THE STATE OF HAWAII TO SHELVE SENATE BILL 1385
AND HOUSE BILL 952 CONCERNING THE PUBLIC SCHOOL LAND TRUST.

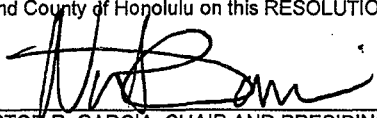
Links: [RES11-60](#)

Voting Legend: Y= Aye, Y* = Aye w/Reservations, N = No, A = Absent, ABN = Abstain

COUNCIL	02/23/11	RESOLUTION 11-60 ADDED TO THE AGENDA.							
ANDERSON	Y	BERG	Y	CACHOLA	Y	CHANG	Y	GABBARD TAMAYO	Y
GARCIA	Y	HARIMOTO	Y	KOBAYASHI	Y	MARTIN	Y		
RESOLUTION 11-60 WAS ADOPTED.									
ANDERSON	Y	BERG	Y	CACHOLA	Y	CHANG	Y	GABBARD TAMAYO	Y
GARCIA	Y	HARIMOTO	Y	KOBAYASHI	Y	MARTIN	Y		

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.


BERNICE K. N. MAU, CITY CLERK


NESTOR R. GARCIA, CHAIR AND PRESIDING OFFICER

**IN SUPPORT OF SENATE BILL 1385 RELATING TO THE CREATION OF A
PUBLIC SCHOOL LAND TRUST**

WAM

Date: March 1, 2011 Time: 9:00a.m.

I fully support the formation of a new land trust for the management of public school lands.

At present, public school lands represent one of the largest underutilized resources in the State of Hawaii. In an era in which the DOE is forced to make agonizingly difficult decisions for the sake of several hundred thousand dollars we simply cannot allow potential sources of revenue to go unrealized.

Despite the fact that many recognize the inherent potential of underutilized properties there is currently no mechanism available to allow ANY of the "owners" in question to realize their full value. It is only by pooling their assets that this can be achieved. A Land Trust represents just such a mechanism.

Some might say that DLNR can already address this concern. DLNR does indeed have the authority to withdraw lands under Executive Order to DOE where the lands are abandoned or no longer needed for the intended purpose. In such cases DLNR could develop that land yet in such cases all revenues would go to the general fund (if trust lands) or Land Division's special fund (if non-trust lands). Either way, DOE would not see the proceeds. In addition, many properties are partially owned by a number of entities. There needs to be statutory authority to consolidate the ownership of such properties and to direct resulting revenues into a "ring-fenced" trust dedicated to Hawaii's public schools for whose benefit this land was originally intended.

Grants from a dedicated Land Trust would be awarded on a merit-driven basis directly toward those projects that most help bring our schools up to a 21st century standard. These grants would represent truly leveraged investment that would no doubt have a positive impact on student outcomes as well as on the culture within our public schools.

In addition to its impact on student outcomes, bringing Hawaii's schools up to 21st century standards would have benefits far beyond the classroom. Next generation building techniques greatly reduce the environmental "footprint" that Hawaii's schools currently have and could in many cases

actually increase open space by potentially consolidating multiple ageing single level buildings into several state-of-the-art multi-story ones.

Most states west of the Mississippi have had such Land Trusts since statehood and the model is therefore not new but has been functioning well in a number of different formats for many years. After its initial launch the Land Trust would be self financing.

While there is admittedly more work to be done to arrive at the structure most suited to Hawaii's unique circumstances, I believe that we can no longer ignore this important potential revenue source that could be used to further our collective efforts to bring Hawaii's public schools into the 21st century.

Thank you for your time and consideration,

Bill Reeves



Hearing date:
Tuesday, Mar 1,
2011; 9:20 a.m.,
Senate Committee
on Ways and
Means
Room 211

LATE

To: Senator David Ige, Chair
Senator Michelle Kidani, Vice Chair

From: Elisabeth Chun, Executive Director
Good Beginnings Alliance

Date: Tuesday, March 1, 2011, 9:20 a.m.
Conference Room 211

Subject: **SB 1385 SD1: 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. Requires that any sale of land from the public school lands trust be approved by no less than two thirds of each house of the legislature.**

The Good Beginnings Alliance is a policy and advocacy organization focused on Hawaii's youngest children and their families. We strive to ensure a nurturing, safe and healthy development for all children from pre-birth to age eight. We believe all children deserve safe and supportive environments that meet their needs as they grow and develop. Good Beginnings is also a member of One Voice for Hawaii's Children (www.onevoiceforchildren.net), an alliance of organizations and individuals committed to the development of an effective and equitably funded early childhood system that gives all young children the opportunity to arrive at kindergarten safe, healthy and ready to succeed. The following information is provided to help you in your decision-making process.

We appreciate the Legislature considering ways to finance the building and retrofitting of Hawaii's public schools to meet the needs of our 21st Century learners. We believe this potential source of funding could also be used to build and retrofit schools that also encompass an early learning component. Hawaii is 1 of 12 states without a state funded early learning program, and this fund could help Hawaii take this major step forward for the education of our young children.

Mahalo for your consideration. For more information contact: Good Beginnings Alliance; phone: 531-5502; lchun@goodbeginnings.org