

**WRITTEN TESTIMONY ONLY**

**Date:** 04/03/2012

**Committee:** House Finance

**Department:** Education

**Person Testifying:** Kathryn S. Matayoshi, Superintendent of Education

**Title of Bill:** SB 2534,SD2,HD1(hscr1236-12) RELATING TO PUBLIC SCHOOL FACILITIES.

**Purpose of Bill:** Establishes the school facilities special fund. Requires that income generated by the public land development corporation from public school lands and facilities be deposited into the school facilities special fund for the purposes of new construction, upgrades, and repair and maintenance of public school facilities.

**Department's Position:**

The Department of Education supports this bill. This would be beneficial to the Department to create this revolving fund that supports the development of new facility improvements, as well as the repair and maintenance of existing facilities to meet twenty-first century school standards.

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
SENATE BILL NO. 2534, S.D. 2, H.D. 1

April 3, 2012

RELATING TO PUBLIC SCHOOL FACILITIES

Senate Bill No. 2534, S.D. 2, H.D. 1, establishes the School Facilities Special Fund and requires income generated by the Public Land Development Corporation (PLDC) from public school lands to be deposited into the school facilities special fund for the purpose of new construction, upgrades, and repairs and maintenance of public facilities.

The Department of Budget and Finance takes no position on the impact of the expanded use of funds from the Hawaii Public Land Development Revolving Fund; however, as a matter of general policy, the department 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. 2534, S.D. 2, H.D. 1, it is difficult to determine if the new fund meets the requirements of a special fund.

On a practical note, the concept of the PLDC authorization in Chapter 171C, HRS, is similar in alignment with the concept of Senate Bill No. 2534, S.D. 2, H.D. 1, except that the origin of the PLDC is to essentially provide for funding for Department of Land and Natural Resources operations and to provide for land management. I encourage the Legislature to scrutinize the fiscal and operational plan for this program concept offered in Senate Bill No. 2534, S.D. 2, H.D. 1, to ensure that it does first conform to the requirements of Section 37-52.3, Hawaii Revised Statutes. Beyond that, I am confident that as the PLDC continues to evolve, that defining beneficiaries of projects initiated through the Corporation can be accommodated deliberatively by either the PLDC board, its administrative rules process, or statutory revisions.



**SB2534 SD2 HD1**  
**RELATING TO PUBLIC SCHOOL FACILITIES**  
House Committee on Finance

April 3, 2012

4:00 p.m.

Room 308

The Office of Hawaiian Affairs (OHA) offers the following comments on SB2534 SD2 HD1, which would establish the school facilities special fund into which all proceeds from public school lands and facilities would be deposited. OHA points out that the bill's proposal to restrict the use of revenues generated on public trust land solely to public schools violates the State's obligation and standing policy to provide OHA with a pro-rata share of public land trust revenue.

A review of the State Land Information Management System (SLIMS) shows that at least 1,515 acres of state land set aside for public education purposes are part of the public land trust, and therefore are ceded lands. Notably, SLIMS only provides public land trust status for *state* lands, not county lands. Therefore, we are unable to ascertain how many acres of county lands set aside for public school uses are ceded. However, of the 254 public schools in Hawai'i, at least 79 schools sit fully or partially on public trust land.

Section 5(f) of the Admission Act, Article XII of the Hawai'i Constitution, Chapter 10 of the Hawai'i Revised Statutes, Act 178 (2006), and Executive Order 06-06 impose trust obligations with respect to the public land trust on all state agencies. Act 178 sets OHA's interim share of public land trust revenues at \$15.1 million per year. Executive Order 06-06 requires state agencies to transfer 20 percent of the revenues generated from their use of public trust land in order to meet OHA's annual \$15.1 million public land trust payment.

To ensure these obligations are satisfied, we recommend that the following provision be added to Section 1:

Nothing in this section shall diminish the revenues owed to the office of Hawaiian affairs pursuant to Act 178, session laws of Hawaii 2006, or any other law providing for the office of Hawaiian affairs' pro rata portion of the public land trust, pursuant to article XII, section 6, of Hawaii's constitution.

Mahalo for the opportunity to testify on this important measure.



**Testimony to the House Finance**  
**Tuesday, April 3, 2012**  
**2:00 p.m.**  
**State Capitol - Conference Room 308**  
**Agenda #1**

**SENATE BILL NO. 2534 SD2 HD1 RELATING TO PUBLIC SCHOOL FACILITIES**

Chair Oshiro, Vice Chair Lee, and members of the committee:

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber strongly supports S.B. No. 2534 SD2, HD1. The bill proposes to establish the school facilities special fund and require that any income generated by the public land development corporation from public school lands and facilities be deposited into the school facilities special fund for the purposes of new construction, upgrades, and retrofit and upgrade of public school facilities.

Essentially, the proposal will create a dedicated funding source for development of new and retrofitting of existing public school based on funds generated from the redevelopment of existing school sites. The proposal allows for better "asset management" of the public school sites with many sites in the urban core suitable for redevelopment simply based on the age of the existing school facility and location of the property. The bill will allow for private investment in redevelopment opportunities and fund new school construction or retrofitting of existing school sites.

Thank you for this opportunity to express our views.

**BIA-HAWAII**  
**BUILDING INDUSTRY ASSOCIATION**

Testimony to the House Committee on Finance  
Tuesday, April 3, 2012  
2:00 p.m.  
State Capitol - Conference Room 308

**S.B. 2534 SD2, RELATING TO PUBLIC SCHOOL FACILITIES**

Dear Chair Oshiro, Vice Chair M. Lee, and members of the committee:

My name is Gladys Marrone, Government Relations Director for the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, BIA-Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii **strongly supports** S.B. 2534 SD2 HD1. The bill proposes to establish the school facilities special fund and require that any income generated by the public land development corporation from public school lands and facilities be deposited into the school facilities special fund for the purposes of new construction, upgrades, and retrofit and upgrade of public school facilities. The bill also includes a reporting requirement for the Public Land Development Corporation.

Essentially, the proposal will create a dedicated funding source for the development of new, and retrofitting of, existing public schools to meet twenty-first century school standards, based on funds generated from the redevelopment of existing school sites. The proposal allows for better "asset management" of public school sites. There exist many of these sites in the urban core suitable for redevelopment simply based on the age of the existing school facility and location of the property. The bill will allow for private investment in redevelopment opportunities and fund new school construction or retrofitting of existing school sites.

Thank you for this opportunity to express our views.

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**GCA of Hawaii**

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

April 3, 2012

TO: HONORABLE REPRESENTATIVES MARCUS OSHIRO, CHAIR, MARILYN LEE,  
VICE CHAIR AND HOUSE COMMITTEE ON FINANCE

SUBJECT: **SUPPORT OF S.B. 2534, SD2, HD1 RELATING TO PUBLIC SCHOOL FACILITIES.** Establishes the school facilities special fund. Requires that income generated by the Public Land Development Corporation from public school lands and facilities be deposited into the school facilities special fund for the purposes of new construction, upgrades, and retrofit and upgrade of public school facilities. Includes a reporting requirement. Effective July 1, 2050. (SB2534 HD1)

HEARING

DATE: Tuesday, April 3, 2012

TIME: 2:00 p.m.

PLACE: Conference Room 308

Dear Chair Oshiro, Vice Chair M. Lee and Members of the Committee:

The General Contractors Association (GCA) is an organization comprised of over six hundred (600) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is celebrating its 80<sup>th</sup> anniversary this year; GCA remains the largest construction association in the State of Hawaii whose mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest. GCA is submitting testimony in **support** of S.B. 2534, SD2, HD1, Relating to Public School Facilities.

S.B. 2534, SD2, HD1 proposes to add a new section to the Hawaii Revised Statutes which would create a school facilities special fund whose funds will consist of proceeds from leases, permits, interest income generated from public school lands and facilities, and other revenue generated from the non-permanent disposition of public school lands and facilities. The bill limits the use of the fund exclusively for the new construction and upgrade of twenty-first century school facilities, and the retrofit and upgrade of existing school facilities that meet twenty-first century standards. The measure does not define twenty-first century school. The Department of Education in conjunction with the Board of Education would be in charge of the fund.

Per the previous testimony of the Hawaii Institute for Public Affairs there are a number of characteristics that describe a twenty-first century school which support individual project and technology-based learning, including, among other characteristics, special school designs that incorporate flexible spaces; facilities that accommodate community uses during non-school hours and maximize benefits; and natural lighting and good air quality. These are all qualities that would improve the learning environment for Hawaii's children.

GCA is in support of this measure's concept and its commitment to improving the public school facilities of Hawaii's children.

Thank you for the opportunity to testify on this measure.

The Pacific Resource  
**PARTNERSHIP**



Testimony of C. Mike Kido  
External Affairs  
The Pacific Resource Partnership

House Committee on Finance  
Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair

Tuesday, April 3, 2012  
2:00 p.m.  
Conference Room 308

SB 2534, SD2, HD1 – Relating to Public School Facilities

Aloha Chair Oshiro, Vice Chair Lee, and Members of the Committee:

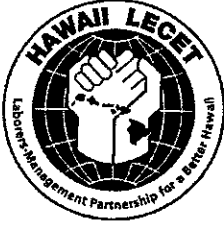
My name is C. Mike Kido, External Affairs of the Pacific Resource Partnership (PRP), a labor-management consortium representing over 240 signatory contractors and the Hawaii Regional Council of Carpenters, formerly the Hawaii Carpenters Union.

PRP supports the intent SB 2534, SD2, HD1 – Relating to Public School Facilities, which establishes the school facilities special fund. The measure requires that income generated by the Public Land Development Corporation from public school lands and facilities be deposited into the school facilities special fund for the purposes of new construction, upgrades, and retrofit and upgrade of public school facilities.

PRP supports the concept of the redevelopment of excess school land to fund school facility upgrades and new 21<sup>st</sup> century school development and that the proceeds from development to be overseen by the Department of Education [in consultation with the Board of Education] for the new construction and renovation, however, we'd like to request an amendment be made to the effective date-- from 7/1/2050 to "upon its approval".

Thank you for the opportunity to share our views with you and we respectfully ask for your support on SB 2534, SD2, HD1.





Testimony of Clyde T. Hayashi  
Director  
Hawaii LECET  
1617 Palama Street  
Honolulu, HI 96817

HOUSE COMMITTEE ON FINANCE  
Monday, April 3, 2012  
2:00 p.m., Conference Room 308

**SB 2534, SD2, HD1 - RELATING TO PUBLIC SCHOOL FACILITIES**

Aloha Chair Oshiro, Vice Chair Lee, and Members of the Committee:

My name is Clyde Hayashi and I am the director of Hawaii LECET (Laborers-Employers Cooperation and Education Trust). Hawaii LECET is a partnership between the Hawaii Laborers' Union, Local 368 and our union contractors.

I am submitting this testimony in **strong support** of the intent and purpose of SB 2534, SD2, HD1.

Hawaii LECET supports the concept of redevelopment of excess school land and the establishment of the schools facilities special fund. All proceeds deposited into this special fund should be used to fund upgrades and the new 21<sup>st</sup> century school development.

The exciting opportunities that new 21<sup>st</sup> century school development will provide for our keiki is enormous. The new innovations and best practices in education that fit Hawaii should be made available to our children.

We urge that it be clearly established that the proceeds will be overseen by the DOE for new construction and renovation.

Thank you for the opportunity to submit this testimony.

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, March 31, 2012 3:58 PM  
**To:** FINTestimony  
**Cc:** lhoshijo-hrcc@hawaii.rr.com  
**Subject:** Testimony for SB2534 on 4/3/2012 2:00:00 PM

Testimony for FIN 4/3/2012 2:00:00 PM SB2534

Conference room: 308  
Testifier position: Support  
Testifier will be present: Yes  
Submitted by: carpenters union  
Organization:  
E-mail: [lhoshijo-hrcc@hawaii.rr.com](mailto:lhoshijo-hrcc@hawaii.rr.com)  
Submitted on: 3/31/2012

Comments: