



STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
DEAN H. SEKI, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
WATER & LAND
ON
February 7, 2014

H.B. 2127, H.D. 1

RELATING TO THE PUBLIC-PRIVATE FINANCE INITIATIVE

Chair Evans and members of the Committee, thank you for the opportunity to submit written testimony on H.B. 2127, H.D. 1.

The Department of Accounting and General Services supports the intent of H.B. 2127, H.D. 1, provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget, and will work collaboratively with all interested parties to effectuate the Public-Private Finance Initiative established by this measure.

Thank you for the opportunity to submit written testimony on this matter.

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
William J. Aila, Jr.
Chairperson**

**Before the House Committee on
WATER & LAND**

**Friday, February 7, 2014
8:30 A.M.
State Capitol, Conference Room 325**

**In consideration of
HOUSE BILL 2127, HOUSE DRAFT 1
RELATING TO THE PUBLIC-PRIVATE FINANCE INITIATIVE**

House Bill 2127, House Draft 1, proposes to establish the Public-Private Finance Initiative ("PPFI") to implement a pilot project on the management of government facilities in Wahiawa, Oahu. **The Department of Land and Natural Resources ("Department") opposes the bill to the extent it seeks an exemption from Chapter 171, Hawaii Revised Statutes (HRS), and offers the following comments.**

The purpose of House Bill 2127, House Draft 1 is to promote the maintenance of government facilities through public-private partnerships. The bill creates the PPFI and designates a pilot project for it on four parcels of State land in Wahiawa. Three of these parcels (Tax Map Keys: (1) 7-4004:071, 7-4-004:001 and 7-4-006:012) are under executive order to the Department of Accounting and General Services ("DAGS") for the Wahiawa Civic Center, and the fourth parcel (Tax Map Key: (1) 7-4-004:070) is under executive order to the Department of Education, Hawaii State Public Library System ("HSPLS"), for the Wahiawa Public Library.

At the present time, DAGS and HSPLS have the use of the lands and facilities without payment of rent. Under the bill, the PPFI would have authority to enter into lease agreements of the DAGS and HSPLS facilities in Wahiawa with private partners who would manage and maintain the facilities in exchange for rent payments from the government. Such agreements would be subject to the prior approval of the boards and executives of both DAGS and HSPLS. The bill further provides any such management agreements or leases would not be subject to Chapter 171, Hawaii Revised Statutes (HRS), relating to public lands.

Section 171-11, HRS, governs lands set aside to an agency by executive order. Generally, an agency needs to seek the prior approval of the Board of Land and Natural Resources ("BLNR")

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

ESTHER KIA'AINA
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

for any lease or other agreement encumbering the land that is longer than 14 days in duration. Obtaining prior BLNR approval for the kinds of management or lease agreements proposed by the bill would not appear to be an onerous burden. Chapter 171, HRS, is indicative of the public policy that public land leases shall be reviewed and approved by the BLNR in order to provide the public fair and open opportunities to acquire a lease of public lands. Accordingly, the Department opposes the bill to the extent it seeks an exemption from Chapter 171, HRS.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
RICHARD C. LIM
Director

Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON WATER AND LAND

Friday, February 7, 2014
8:30 a.m.

State Capitol, Conference Room 325

in consideration of

HB 2127, HD1

RELATING TO THE PUBLIC-PRIVATE FINANCE INITIATIVE.

Chair Evans, Vice Chair Lowen, and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) supports the intent of HB 2127, HD1, which establishes the Public-Private Finance Initiative (Initiative) within DBEDT for administrative purposes.

DBEDT has concerns that in order to properly establish the Initiative and effectuate this measure, it requires an appropriate level of funding and resourcing allocated to establish operations and staff the Initiative and initiate the appropriate pilot project. DBEDT estimates that it would need \$500,000 for fiscal year 2014-2015 to carry out this Initiative.

Thank you for the opportunity to offer these comments on HB 2127, HD1.