

STAND. COM. REP. NO.

434

Honolulu, Hawaii

FEB 15 2013

RE: S.B. No. 215
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Economic Development, Government Operations and Housing, to which was referred S.B. No. 215 entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to encourage businesses to expand or locate their operations in Hawaii by establishing a growing economy tax credit.

Prior to the hearing on this measure, your Committee posted and made available for public review a proposed S.D. 1, which deletes the contents of the measure and inserts language to establish the Public-Private Partnership Authority within the Department of Business, Economic Development, and Tourism. The Public-Private Partnership Authority is intended to administer, coordinate, and provide leadership for the financing, improvement, or enhancement of appropriate state-owned facilities, operations, and property. The proposed S.D. 1 also establishes two pilot projects and makes an unspecified appropriation for the Public-Private Partnership Authority.

Your Committee received testimony in support of the proposed S.D. 1 from the Department of Business, Economic Development, and Tourism; Department of Education; Office of the Mayor - County of Maui; Indigenous Consultants, LLC; Innovations Development Group Hawaii; The Pacific Resource Partnership; Hawaii Building & Construction Trades Council, AFL-CIO; Windward Ahupua'a Alliance and two individuals. Your Committee received testimony in

2013-1480 SSCR SMA-1.doc



opposition to this measure from the Department of Budget and Finance and one individual. Your Committee received comments on this measure from the City and County of Honolulu, Department of Planning and Permitting; Sierra Club; and The Chamber of Commerce of Hawaii.

Your Committee finds that careful coordination and cooperation between state agencies and private sector entities is required to create successful public-private partnerships. The Public-Private Partnership Authority is a vehicle to ensure such coordination and cooperation. The Public-Private Partnership Authority is not intended to develop properties but to facilitate coordination between state agencies and private entities in an efficient manner that still ensures that the State's resources are properly maintained.

Your Committee has amended this measure by adopting the proposed S.D. 1 and further amending the proposed S.D. 1 by:

- (1) Clarifying that the Public-Private Partnership Authority is intended to facilitate cooperation among state agencies and the public sector, not develop properties;
- (2) Removing an exclusion for state parks under the definition of a project, and including not-for-profit organizations under the definition of a qualified person;
- (3) Revising the structure and composition of the Public-Private Partnership Authority's Board of Directors by providing that one member shall be the Ahu Moku Advisory Committee member from the moku of any Public-Private Partnership Authority project in order to ensure that the Board has a member with experience and knowledge of native Hawaiian resource management practices;
- (4) Removing the Public-Private Partnership Authority's authority to grant options to purchase any project or renew any lease entered into in connection with any project;
- (5) Allowing the counties to waive zoning ordinances by ordinance or memorandum of agreement for a project prior to project construction;



- (6) Addressing any concerns about the Public-Private Partnership Authority's ability to transfer or develop public land by clarifying and more explicitly stating that the Public-Private Partnership Authority shall comply with all state laws;
- (7) Removing provisions relating to the establishment of a school facilities special fund;
- (8) Changing the location of the film production facility pilot project to be initiated from Kapolei to the most populous island of a county with a population between 100,000 and 150,000;
- (9) Allowing the establishment of pilot projects, in addition to the film production facility and main-street project, for educational purposes or to stimulate economic development and job creation;
- (10) Removing language specifying that certain state agencies and a branch of government would participate in the pilot projects; and
- (11) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Economic Development, Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 215, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 215, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development, Government
Operations and Housing,


DONOVAN M. DELA CRUZ, Chair



