



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

DAVID Y. IGE  
GOVERNOR

LUIS P. SALAVERIA  
DIRECTOR

MARY ALICE EVANS  
DEPUTY DIRECTOR

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: [dbedt.hawaii.gov](http://dbedt.hawaii.gov)

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

Statement of  
**Luis P. Salaveria**  
**Director**  
Department of Business, Economic Development and Tourism  
before the

**COMMITTEE ON FINANCE**

Tuesday, March 1, 2016  
11:02 a.m.  
State Capitol, Conference Room 308

in consideration of

**HB 1684, HD1**  
**RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY.**

The Department of Business, Economic Development and Tourism supports HB 1684, HD 1. This measure would exempt the Natural Energy Laboratory of Hawaii Authority (NELHA) from Chapter 102, Hawaii Revised Statutes, which pertains to bidding requirements for concessions or space on State lands and limits leases to 15 years.

NELHA is a self-sufficient agency and limiting leases for the development of large parcels of raw land to 15 years would place an undue burden on the agency's efforts to grow its revenues and develop the remaining vacant lands at their technology park in Kailua-Kona. Land development and the building of retail establishments is extremely costly. It is unreasonable to expect a lessee to invest the large sums necessary if the lease term limited in to 15 years.

Thank you for the opportunity to offer support for HB 1684, HD1.



# NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY

*An Authority of the State of Hawaii attached to the Department of Business, Economic Development & Tourism*



Statement of  
**Gregory P. Barbour**  
**Executive Director**  
Natural Energy Laboratory of Hawaii Authority  
before the

## **COMMITTEE ON FINANCE**

Tuesday, March 1, 2016  
11:02am  
State Capitol, Conference Room 308

in consideration of  
**H.B. 1684 H.D.1**  
**RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY.**

The Natural Energy Laboratory of Hawaii Authority (NELHA) strongly supports H.B. 1684 H.D. 1 which exempts NELHA from bidding requirements, as contained in Chapter 102 HRS, for concessions or space on public property. Of particular concern in Chapter 102 is the limit to leases on public property for terms of no longer than 15 years.

The definition of a concession in Section 102-1 HRS states “the grant to a person of the privilege to conduct operation which are essentially retail in nature, involving the sale of goods, wares, merchandise, or services to the general public, such as restaurants, cocktail lounges, soda fountains, and retail stores in or on buildings or land under the jurisdiction of any government agency”. Our Deputy Attorney General has indicated to us that Chapter 102 would apply to all NELHA lands.

A significant portion of the remaining undeveloped land at our Hawaii Ocean Science and Technology Park (HOST Park) includes an 80-acre area site that is known as the “economic

driver". The use of this area has always been intended for use as a large commercial/industrial complex or mall that will provide the funding necessary for NELHA to complete the build-out of infrastructure in the park and no longer rely solely on State CIP funds for this purpose.

This site is located on barren lava and grading alone would require an investment of over \$50,000 per acre. The provision of infrastructure development and utilities is another significant added cost of development. In addition, the cost of buildings will also be very significant. Finding developers for this 80-acre parcel would be extremely problematic if the lease was limited to 15 years.

Thank you for the opportunity to offer these comments.