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Statement of
Luis P. Salaveria
Director

Department of Business, Economic Development and Tourism
before the
COMMITTEE ON WAYS AND MEANS

Tuesday, March 29, 2016
9:30am
State Capitol, Conference Room 211

in consideration of
HB 1684, HD2, SD1
RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY.

Chair Tokuda, Vice Chair Dela Cruz and Members of the Committee.

The Department of Business, Economic Development and Tourism supports HB 1684, HD2, SD1. This version of the measure provides the Natural Energy Laboratory of Hawaii Authority's (NELHA) with an exemption from Chapter 102, HRS, to 15-year lease limit only. All other provisions of Chapter 102 for concessions at NELHA would still apply.

NELHA is a self-sufficient agency and limiting leases for the development of large parcels of raw land to 15 years, as stipulated in Chapter 102, HRS, 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 is limited to 15 years.

Accordingly, this measure as currently drafted provides NELHA with the necessary means to further develop the lands at their technology park in Kailua-Kona.

Thank you for the opportunity to testimony for HB1684, HD2, SD1.



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 WAYS AND MEANS

Tuesday, March 29, 2016
9:30am
State Capitol, Conference Room 211

in consideration of
H.B. 1684 H.D. 2, S.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. 2, S.D. 1 which exempts from lease term limits only as contained in Chapter 102 HRS for concessions or space on public property set aside for the operations of NELHA. All other provisions of Chapter 102 would apply.

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 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.

The development of this area, which is 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.

Accordingly, H.B. 1684 H.D. 2, S.D.1 includes language that will allow NELHA to further develop raw lands at the Hawaii Ocean Science and Technology Park.

Thank you for the opportunity to offer these comments.