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Statement of
Luis P. Salaveria
Director

Department of Business, Economic Development and Tourism
before the

**SENATE COMMITTEES ON ECONOMIC DEVELOPMENT,
ENVIRONMENT, AND TECHNOLOGY
AND
GOVERNMENT OPERATIONS**

Monday, March 21, 2016
1:15 pm
State Capitol, Conference Room 414

in consideration of
HB 1684, HD2

RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY.

Chairs Wakai and Kim, Vice Chairs Slom and Ihara and Members of the
Committees.

The Department of Business, Economic Development and Tourism supports
HB 1684, HD2. This measure would exempt the Natural Energy Laboratory of Hawaii
Authority (NELHA) from Chapter 102, HRS, 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 is limited to 15 years.

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



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 ECONOMIC DEVELOPMENT, ENVIRONMENT, AND TECHNOLOGY
and
COMMITTEE ON GOVERNMENT OPERATIONS

Monday, March 21, 2016
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in consideration of
H.B. 1684 H.D.2
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 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.

wakai1 - Lilinoe

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 17, 2016 11:32 AM
To: EET Testimony
Cc: dylanarm@hawaii.edu
Subject: *Submitted testimony for HB1684 on Mar 21, 2016 13:15PM*

HB1684

Submitted on: 3/17/2016

Testimony for EET/GVO on Mar 21, 2016 13:15PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Dylan Armstrong	Individual	Support	No

Comments:

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