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## A BILL FOR AN ACT

RELATING TO TRANSIT-ORIENTED DEVELOPMENT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the Honolulu rail  
2 transit project represents the largest and most expensive  
3 capital project in the history of the city and county of  
4 Honolulu. Local businesses along the rail project alignment are  
5 currently being impacted by the construction activities directly  
6 associated with the rail project to the point where the economic  
7 viability of certain business establishments is being  
8 questioned. While the Honolulu authority for rapid  
9 transportation is adhering to federal and state laws that  
10 require that relocation and advisory assistance be provided to  
11 all impacted businesses affected by the construction of the rail  
12 project, this assistance may not be adequate.

13           The purpose of this Act is to establish a business  
14 mitigation relief pilot program to assist businesses negatively  
15 impacted by the construction of the rail project.

16           SECTION 2. (a) The department of business, economic  
17 development, and tourism shall establish a business mitigation



1 relief pilot program to assist qualified businesses and  
2 commercial property owners affected by rail construction  
3 pursuant to this Act.

4 (b) A business shall be eligible to receive assistance  
5 through the business mitigation relief pilot program if the  
6 business:

7 (1) Is a for-profit business or non-religious non-profit  
8 organization;

9 (2) Is located immediately adjacent to the rail corridor  
10 or directly affected by the rail construction;

11 (3) Meets the technical qualifications to participate in  
12 the program, including number of employees, time in  
13 business, and ability to provide financial records;

14 (4) Is solvent; provided that a business in bankruptcy, as  
15 a documented result of rail construction, shall be  
16 considered solvent as long as the business is filing  
17 for bankruptcy to reorganize, rather than to  
18 liquidate; and

19 (5) Is in good standing with all local, state, and federal  
20 taxing and licensing authorities.



1 (c) The following types of businesses shall not be  
2 eligible to participate in the business mitigation relief pilot  
3 program:

4 (1) Businesses engaged in teaching, instructing,  
5 counseling, or indoctrinating religion or religious  
6 beliefs;

7 (2) Businesses generating over sixty per cent of revenues  
8 from the sale of alcoholic beverages;

9 (3) Businesses with any products or services of a sexual  
10 nature representing over fifty per cent of their  
11 revenue; or

12 (4) National retailers or outlets, unless operated by a  
13 single owner under a franchise agreement.

14 (d) The business mitigation relief pilot program shall not  
15 accept applications where the commercial property is unoccupied  
16 and the owner alleges that the owner is unable to rent or lease  
17 the property due to construction. If the commercial property is  
18 occupied, the owner shall provide documentation from the tenant  
19 that the tenant has ended or will end the lease due to the rail  
20 construction.



1 (e) A qualified business may request payment assistance  
2 under the business mitigation relief pilot program for the  
3 following business expenses:

4 (1) Utilities;

5 (2) Insurance;

6 (3) Rent or mortgage payments;

7 (4) Payroll; or

8 (5) Other types of documented business related expenses as  
9 determined by the department.

10 (f) Commercial property owners shall request payment  
11 assistance for only a claim for mortgage, utilities, insurance,  
12 and other expenses as determined by the department.

13 (g) Multiple requests for payment assistance may be filed  
14 by an eligible business; provided that the total amount paid to  
15 the business shall not exceed an aggregate amount of \$50,000  
16 annually or sixty per cent of the business's annual business  
17 revenue loss.

18 (h) The department shall create any necessary application  
19 forms for businesses or commercial property owners to apply  
20 under the business mitigation relief pilot program; provided



1 that the application form shall include but not be limited to  
2 the following:

- 3 (1) Federal tax return for the most recent tax year, sales  
4 tax report, or bank statements as required and  
5 requested to analyze eligibility and determine impact;
- 6 (2) Copies of delinquent bills or debt payment due; and
- 7 (3) If the applicant is a commercial property owner, proof  
8 of ownership and copies of tenant leases.

9 (i) Approval of an application for the business mitigation  
10 relief pilot program shall be based on a combination of factors,  
11 including:

- 12 (1) Financial stability and viability of the business as a  
13 going concern;
- 14 (2) Length of time in business;
- 15 (3) Recent past financial performance; and
- 16 (4) Overall impact of the construction on the business.

17 (j) Commercial property owners shall not be permitted to  
18 apply for an award under the business mitigation relief pilot  
19 program if any of their tenants are receiving financial  
20 assistance for rent through the program.



1           (k) An eligible business that can demonstrate it has lost  
2 at least twenty per cent in gross revenue due to rail  
3 construction may receive financial assistance in the amount of  
4 its lost revenue; provided that the maximum amount of the award  
5 shall not exceed \$50,000 annually or sixty per cent of the  
6 business's annual business revenue loss. Businesses  
7 demonstrating less than a twenty per cent revenue reduction may  
8 receive financial assistance in proportion to what they would  
9 have received if the reduction was twenty per cent.

10           (1) An eligible business applying for financial assistance  
11 for loss of revenue shall meet the following requirements:

12           (1) Have a minimum of twenty-four months of operational  
13 history along the rail corridor;

14           (2) In the case of an existing business along the rail  
15 corridor that has been acquired by a new owner, the  
16 business may qualify using a history of past  
17 performance by the previous owner; and

18           (3) Have experienced a revenue decline of at least twenty  
19 per cent in one quarter as compared to the same  
20 quarter prior to the start of rail construction.



1 (m) An eligible business shall file a written claim  
2 covering the impact of rail construction within one hundred  
3 eighty days from the end of the impacted quarterly period.

4 (n) Any business or commercial property owner whose  
5 application to participate in the business mitigation relief  
6 pilot program is denied may request reconsideration of the  
7 denial. Such request shall be in writing and include an  
8 explanation of why the denial should be reconsidered along with  
9 any supporting documentation. Requests for reconsideration  
10 shall be sent to the department.

11 (o) After a business or commercial property owner is  
12 approved to participate in the business mitigation relief pilot  
13 program, the business or commercial property owner shall, at a  
14 minimum, acknowledge and agree that participation in the program  
15 is voluntary.

16 (p) An annual audit of the business mitigation relief  
17 pilot program shall be conducted by the department.

18 (q) The business mitigation relief pilot program shall  
19 cease to exist on December 31, .

20 SECTION 3. There is appropriated out of the general  
21 revenues of the State of Hawaii the sum of \$ or so



# H.B. NO. 2518

1 much thereof as may be necessary for fiscal year 2016-2017 for  
2 the business mitigation relief pilot program.

3 The sum appropriated shall be expended by the department of  
4 business, economic development, and tourism for the purposes of  
5 this Act.

6 SECTION 4. This Act shall take effect on July 1, 2016.

7

INTRODUCED BY: George Taylor  
[Signature]  
James Johnson  
Blair

JAN 26 2016





# H.B. NO. 2518

**Report Title:**

Business Mitigation Relief Pilot Program; Rail Construction;  
Appropriation

**Description:**

Establishes the business mitigation relief pilot program to assist businesses negatively impacted by the construction of the rail project. Establishes guidelines and procedures for financial assistance through the program. Appropriates funds for the program.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*





## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE  
GOVERNOR

LUIS P. SALAVERIA  
DIRECTOR

MARY ALICE EVANS  
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Statement of  
**Luis P. Salaveria**, Director  
Department of Business, Economic Development and Tourism  
before the  
**House Committee on Economic Development & Business**  
Friday, February 5, 2016  
9:01 AM  
State Capitol, Conference Room 312

In consideration of  
**HB2518**  
**RELATING TO TRANSIT-ORIENTED DEVELOPMENT.**

Chair Kawakami, Vice Chair Kong and members of the House Committee on Economic Development & Business.

The Department of Business, Economic Development and Tourism (DBEDT) supports the intent and would like to offer the following comments on HB2518.

Honolulu Authority for Rapid Transportation (HART) currently has in place programs and projects that attempts to mitigate the business impact upon firms affected by the rail development.

This bill proposes to provide grants to be made directly to affected businesses.

DBEDT respectfully defers to the Department of Budget and Finance regarding the impact of the proposed business mitigation relief pilot program to the State's budget.

Thank you for the opportunity to offer these comments.



IN REPLY REFER TO:  
CMS-AP00-01541

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas  
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Statement of  
**DANIEL A. GRABAUSKAS**  
Executive Director and CEO, Honolulu Authority for Rapid Transportation  
before the

Donald G. Horner  
CHAIR

Damien T.K. Kim  
VICE CHAIR

**HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS**

George I. Atta  
Michael D. Formby  
Ford N. Fuchigami  
Terri Fujii  
Colleen Hanabusa  
William "Buzz" Hong  
Terrence M. Lee  
Ivan M. Lui-Kwan

Friday, February 5, 2016  
9:01 a.m.  
State Capitol, Conference Room 312

In consideration of  
HB 2518  
**RELATING TO TRANSIT-ORIENTED DEVELOPMENT**

Chair Derek S. K. Kawakami, Vice Chair Sam Satoru Kong, and Members of the House Committee on Economic Development & Business,

The Honolulu Authority for Rapid Transportation (HART) supports the intent of HB2518, which seeks to establish a business mitigation relief pilot program to assist qualified businesses and commercial property owners affected by rail construction. An unspecified amount of State general revenue monies is proposed for the Fiscal Year 2016-2017 for this business mitigation relief pilot program to be established by the Department of Business, Economic Development, and Tourism (DBEDT).

As noted in HB2518, HART has adhered to federal and state laws that require relocation and advisory assistance to impacted businesses affected by the construction of the rail program. In addition, HART has in place the following business outreach program:

- **Open for Business Initiatives:** Our "Open for Business" initiatives include signage, collateral, coordinating our work schedules when possible to allow for busy times and deliveries, and making sure our contractors keep access to businesses clear. The contractor also provides notices and detour maps for businesses to give to their customers, email to contacts and place on their websites.
- **HART's Business Alliance Program:** More than 1,000 businesses are currently signed up for the program that provides regular updates on business outreach programs, including free workshops and other business development programs. The Alliance also provides feedback to help refine and enhance existing mitigation programs. One-on-one meetings and construction updates for businesses are also provided.
- **Monthly Business and Community Meetings:** In addition to the regular Business Alliance meetings, additional monthly business and community meetings are held to provide project updates and traffic information.
- **Business Briefings:** HART holds tailored briefings regularly for various business groups along the route, including businesses in the Dillingham and Kakaako areas. These targeted briefings are designed to answer questions specific to individual business and business groups' concerns.

- **Shop & Dine on the Line:** HART's Shop & Dine on the Line Program is a partnership with businesses to assist them during construction. About 100 businesses in the Waipahu, Pearl City, and Aiea areas are currently participating in the program, which includes discount offers pulled together under and encourages people to visit businesses impacted by construction and mention the Shop & Dine on the Line Program to receive special discount offers as an incentive to generate additional customers during construction. The special offers are distributed in brochures, using social media, and can also be found at [www.ShopAndDineOnTheLine.com](http://www.ShopAndDineOnTheLine.com) and via our mobile site.
- **Shop, Dine & Shuttle:** This free monthly trolley service is provided to customers and area residents so that they can patronize businesses along the rail corridor. The service starts at Aloha Stadium, which encourages swap meet goers to participate, and runs along Kamehameha Highway, stopping at various shopping centers and plazas. A similar program will be launched in Waipahu in February.
- **Stakeholder Partnerships & Business Resources:** HART has developed partnerships with key agencies to further assist businesses. Partnerships with the U.S. Small Business Administration's Hawaii office offers small business loans; the Patsy Mink Center for Business Leadership offers free business counseling, planning, and information on funding programs; and the Hawaii Small Business Development Center offers resources such as creating business plans, marketing assistance, and business skills training. These programs are offered at no cost to businesses, and our partners attend all of our meetings to be on hand to assist.

If this bill should pass, HART would recommend that the DBEDT establish a boundary within which businesses would be eligible for assistance. Although rail project construction affects access and traffic throughout the community, the businesses along the alignment generally bear the brunt of the impacts. HART would, of course, be willing to assist DBEDT in providing construction drawings or other data necessary to establish such boundaries.

Thank you for the opportunity to provide this testimony.



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Economic Development & Business  
Friday, February 5, 2016 at 9:01 A.M.  
Conference Room 312, State Capitol**

**RE: HOUSE BILL 2518 Relating to Transit-Oriented Development**

Chair Kawakami, Vice Chair Kong, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2518, which establishes the business mitigation relief pilot program to assist businesses negatively impacted by the construction of the rail project.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Many local businesses along the rail project alignment are currently being impacted by the construction activities directly associated with the rail project to the point where the economic viability of certain business establishments is being questioned. While HART and the city are working to provide some relief within federal guidelines, this assistance may not be adequate. We support any assistance to help these businesses being impacted by this large government project.

Thank you for the opportunity to testify.

kong2 - Christie

**LATE**

From: mailinglist@capitol.hawaii.gov  
Sent: Thursday, February 04, 2016 10:09 AM  
To: edbtestimony  
Cc: hawaiifishingfanatic@gmail.com  
Subject: Submitted testimony for HB2518 on Feb 5, 2016 09:01AM

**HB2518**

Submitted on: 2/4/2016

Testimony for EDB on Feb 5, 2016 09:01AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Don Aweau	Individual	Support	No

Comments: Support legislation to assist businesses along the rail transit project. Much of the issues stemming from revenue losses can be directly attributed to the project. Mahalo.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

## kawakami3-Benigno

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**From:** kevin@powerhousegymaiea.com  
**Sent:** Thursday, February 04, 2016 2:51 PM  
**To:** kawakami3-Benigno  
**Subject:** HB2518\*

**LATE**

To Representative Derek Kawakami, Committee of Economic Development and Business;

In regards to the meeting on February 5th, 9:01 am, with the honorable chairperson, Representative Derek Kawakami present.

Sir,

Thank you for this opportunity, albeit late, to give testimony of the effects of rail construction on our business. My name is Kevin Lee.

I am the General Manager of ~~Powerhouse Gym Aiea~~. Our business operates out of the Pearl Kai shopping center, 98-199 Kamehameha Highway, Aiea, HI 96701. I was contacted, just today, by Robert Sato, of Senator Breene Harimoto's office. He had asked me, if I would be willing to submit testimony on the Capitol.Hawaii.gov website. I told him that I would be happy, however, my attempts at confirming my newly registered account went in vain, and that is why he contacted you.

To start at the beginning, we were contacted last year, by representatives of HART who came around the shopping center to let us know that one of two entrances into the Pearl Kai shopping Center would be closed PERMANENTLY. To say we were shocked, is a severe understatement. It was at this point, our owner, David Leong, spoke with our landlord, La Caze Development Group Inc (Owners of Pearl Kai and Westridge) regarding the decision by HART, without any consideration to businesses in the locale. We then marshaled up support of other owners and began attending meetings. At this point, already, a few businesses in the shopping center were experiencing effects of the road construction and rail preparations. Since that time, TWO (2) businesses in the center went out of business (Off the Wall, and Pro Am Golf services). Both of them cited the rails negative impact on traffic and ultimately, revenue. So, after a series of meetings, which were hosted in our gym, by our owner; and only after we got news crews here did we get a small compromise. Even with the compromise of temporarily closing the Pali Momi street entrance for six months, re routing the Lipoa street area, we began feeling the effects of rail traffic and a loss of revenue.

As it stands right now, we only have ONE (1) entrance into the shopping center. That is at Pali Momi Street. That light, only accommodates 4 cars per light. The other entrance at Lipoa is closed for 2-8 months for the installation of a support pillar. As you folks can attest to, if you make the barrier of entrance harder for a business, less incoming customers can come. If less customers come, or if it is made to be too hard to access, it becomes harder and harder for the business to succeed. Furthermore, we only have one exit, eastbound on Kamehameha Highway, at which point, you would have to turn on Kamehameha to go westbound. With the rise of the minimum wage, the same expenses with which to contend, how does the city expect businesses to remain competitive? I believe HB2518 goes a ways in providing relief to small business here in the state of Hawaii. We already have a daunting task of competing with 2 giants of the industry in 24 Hour Fitness and UFC GYM. Making it harder for members to access the shopping center, would ultimately be the coup de grace death stroke to many small businesses. We, at Powerhouse Gym Aiea are in full support to this measure.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Lee".

Kevin Lee  
General Manager  
Powerhouse Gym Aiea  
808-484-8000  
[www.powerhousegymaiea.com](http://www.powerhousegymaiea.com)