

DAVID Y. IGE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the House Committee on
FINANCE**

**Wednesday, March 1, 2017
11:00 A.M.
State Capitol, Conference Room 308**

**In consideration of
HOUSE BILL 1469, HOUSE DRAFT 1
RELATING TO PUBLIC LANDS**

House Bill 1469, House Draft 1 proposes to establish procedures for designating public land redevelopment districts, planning committees, district redevelopment plans, and designated redevelopment district revolving funds. The bill additionally proposes to establish the powers and duties of the planning committees and modifies public land lease restrictions under Chapter 171, Hawaii Revised Statutes (HRS). House Draft 1 of the measure changes the process by which members of redevelopment district planning committees are appointed and also exempts schools, government entities and eleemosynary organizations from some of the restrictions applicable to leases under Chapter 171, HRS. **The Department of Land and Natural Resources (Department) offers the following comments on this bill.**

Under Chapter 171, HRS, the Board of Land and Natural Resources (Board) is authorized to issue leases up to a maximum term of 65 years. Section 171-32, HRS, provides that it is the policy of the State to issue leases by public auction. As the preamble to this bill indicates, at the end of their lease terms, lessees have little incentive to invest in improvements to their leasehold properties because the leases cannot be extended further. Rather, new leases of the lands must be issued pursuant to the public auction process. As a result, the properties frequently fall into disrepair.

In 2015, the Legislative Reference Bureau (LRB) issued Report No. 2, Commercial Leasing of Public Lands: State Policies Regarding Leases Near End of Term. LRB identified those states with maximum lease terms and reviewed how these states' leasing practices dealt with end of the term leases. LRB concluded its report in stating:

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

KEKOA KALUHIWA
FIRST DEPUTY

JEFFREY T. PEARSON, P.E.
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

While some states have policies that generally address the maintenance and improvement of leased public lands, these policies appear to arise when a lease agreement is initially drafted and entered into, or within the context of negotiations for a lease renewal, rather than during the last few years of an existing lease. In comparison, commercial leases of public lands in Hawaii include a general covenant that requires lessees to maintain the property. The Bureau offers no conclusions regarding which, if any, of the policies employed by the other states represents practices that should be incorporated into the commercial leasing of public lands in Hawaii.

This bill seeks to promote the redevelopment of public lands with commercial, industrial, hotel and resort uses. The Department's primary hotel and resort landholding is located on Banyan Drive in Hilo. The Department's main industrial landholdings are located at Sand Island, Oahu, and Kanoiehua Industrial Area in Hilo.

With respect to Banyan Drive, although a number of properties are in poor condition, the Department points out that the Hilo Hawaiian Hotel, the Hilo Bay Café (former Nihon Restaurant site), and the Grand Naniloa Hotel are State leasehold properties that are in good condition, with Naniloa currently undergoing an extensive renovation. The long-term leases for Uncle Billy's Hilo Bay Hotel (now the Pagoda Bay Hotel), Country Club Condominium (which is now a residential apartment building – not a condominium), and Reeds Bay all expired in 2016 and have been converted to month-to-month revocable permits. No new leases for these sites have issued yet because the Department has been working the County of Hawaii Banyan Drive Hawaii Redevelopment Agency (BDHRA), and prior to that the Banyan Drive Task Force, to develop a long term plan for the area. Once a long-term plan for Banyan Drive is settled on, the Department can issue new long-term resort leases for these properties, if that is what BDHRA ultimately supports.¹

With respect to the Kanoiehua Industrial Area, many of the leases of public lands in that area were issued in a two or three year period following the 1960 tsunami for terms of 55 years. Most of the lessees in this area applied for ten-year extensions of their lease terms under Section 171-36(b), HRS, which requires the lessee to make substantial improvements to the premises to qualify for a lease extension. Although some of the leasehold improvements are not in good condition, a number of them are well maintained, such as HPM Building Supply, Bank of Hawaii and Big Island Toyota on Kanoiehua Avenue, Central Supply on Makaala Street, Paradise Plants, and Kitchen and Bath Supply on Wiwoole Street, and the Coca-Cola bottling plant on Holomua Street.

In the past, the Department has generally opposed legislative bills that proposed to allow existing lessees to acquire new lease terms on leases that are scheduled to expire soon, following instead

¹ The Department procured a consultant to conduct a number of studies to facilitate planning for Banyan Drive including a market study on tourism to determine if the area could support a new hotel, and studies on sea level rise, the viability of master leasing multiple parcels in the area, and the remaining useful life of existing structures on expiring lease premises. Another consultant, Erskine Architects, conducted a much more detailed architectural and engineering study on whether existing improvements on the expired lease premises should be demolished or rehabilitated.

general public policy to promote fairness in competition in access to public property. One reason for the Department's position was the statutory policy mentioned above favoring issuance of leases by public auction. Another reason was to preserve the State's legal right to the remaining value of the improvements after the lease term; when leases expire, the lessees' improvements on the land revert to State ownership pursuant to the express terms of the lease, unless the State directs the lessee to remove the improvements. Assuming the improvements have some remaining useful life, the State is then in a position to auction leases of improved properties at potentially greater rents than the State would receive for a ground lease alone,² which amounts can in turn be applied to public purposes.

The Department notes that there are a number of bills before the Legislature this session that would allow for the extension of existing leases. If one of these measures becomes law, the Legislature will have established a new policy for the Department to follow in the leasing of its public lands. Additionally, the Department recognizes that a prior legislative act providing for extensions of resort leases did have a beneficial effect on one State lease on Banyan Drive. The lessee of Hilo Hawaiian Hotel property took advantage of Act 219 Session Laws of Hawaii (2011) to extend its lease from 2031 to 2068, making substantial improvements to the property pursuant to a development agreement negotiated between the State and the lessee.

The Department thus acknowledges different public policy benefits from different approaches. Based on this, the Department now takes a neutral stance on legislative proposals to extend existing leases.

The Department respectfully suggests that extensions of existing leases in exchange for lessees making substantial improvements may be the better way to deal with end of lease issues and redevelopment of the State's commercial, industrial, hotel and resort lands.

In addition, the Department identifies the following issues with respect to this measure:

The bill creates an additional layer of bureaucracy in government

The bill provides that the Legislature may designate an area of public lands as a redevelopment district. Upon such designation, a nine-member planning committee is to be established as a policy-making board for the district. The planning committee, who serves without compensation, then appoints a district administrator for the district who is to be compensated. The planning committee may hire additional staff as well.

In addition to the administrator, the planning committee would likely require a secretary and perhaps more staff for proper administration, as well as office equipment, supplies, and travel expenses for the eleven committee members. There will be added expense for the committee to comply with HRS Chapter 92's sunshine law requirements. Further, the committee's actions may be subject to contested case hearings and appeals. The bill does not provide for an immediate general appropriation to carry out the purposes of the measure, and for the initial

² The Department also examined the possibility consolidating smaller parcels in this area to put out to lease at auction as larger lots. The Department's consultant conducted a market study on the demand for industrial parcels in Hilo, a lot consolidation analysis, and a master lease analysis of multiple parcels.

years of the committee's existence, it appears the expense of maintaining the committee would be borne by the Department's revenues from leases in the designated district. A conservative budget for such a planning committee, including payroll, fringe benefits, hearing officer fees, and other costs and expenses, would be \$500,000 annually.

The bill proposes an unnecessary, bureaucratic addition to the Department's operations. As explained above, the Department has been working with the BDHRA regarding plans for the Banyan Drive area. Additionally, the Department has procured consultants for Banyan Drive and the Kanoelehua Industrial Area in Hilo to analyze market trends, and explore options for redevelopment and rehabilitation of specific parcels or areas. After 2013 legislative session, former Governor Abercrombie approved the formation of a Banyan Drive Task Force that met a number of times to discuss many of the issues covered by the bill as they relate to the Banyan Drive area. The task force members included representatives from local businesses, the former executive director of the Big Island Visitors Bureau, the executive director of the 'Imiloa Astronomy Center of Hawaii, and representatives from the Hawaii County Mayor's Office and State legislators also attend the meetings. This informal task force has worked well and at limited expense to the State.

There are practical problems with the bill

As noted above, House Bill 1469 allows the Legislature to designate redevelopment districts on public lands. As defined in Section 171-2, HRS, public lands exclude lands used as roads and streets. While the State owns some contiguous parcels in both the Banyan Drive area and Kanoelehua Industrial Area in Hilo, it does not own or manage the roads, which often include utility lines and other infrastructure. Accordingly, to the extent the bill seeks to improve infrastructure in a given area, a redevelopment district designated by the Legislature would likely not include important infrastructure components. Rather, the district would be confined to the particular parcels under the Department's management.

The Department relies on the revenues from leases of public lands to fulfill its fiduciary duties

This bill proposes that 50% of the revenues from properties in a development district are to be deposited into a development revolving fund, and that moneys in the fund shall be used solely to promote the purposes of the bill. The Department and the Board are responsible for managing approximately 1.3 million acres of public lands comprised of sensitive natural, cultural and recreational resources. The Department's responsibilities include managing and maintaining the State's coastal lands and waters, water resources, conservation and forestry lands, historical sites, small boat harbors, parks, and recreational facilities; performing public safety duties (e.g., flood and rockfall prevention); issuing and managing leases of public lands (agriculture, pasture, commercial, industrial, and resort leases); maintaining unencumbered public lands; and enforcing the Department's rules/regulations.

To properly perform these fiduciary duties, the Board determined that the Department should utilize a portion of the lands it manages to generate revenues to support the Department's operations and management of public lands/programs. Annual lease revenues currently support

the Special Land and Development Fund (SLDF), with revenues coming primarily from leases for commercial, industrial, resort, geothermal and other renewable energy projects.

The SLDF is a critical and increasingly important funding source for various divisions within the Department to deal with emergency response to natural catastrophes such as fire, rockfall, flood or earthquake and hazard investigation and mitigation. The SLDF also is critical for staff support of various programs and funding conservation projects on all state lands. It has also become an important source of state match for federally funded endangered species and invasive species initiatives that otherwise would not go forward.

The authority to construct, improve, renovate and revitalize areas within the counties is already authorized under Section 46-80.5 and Chapter 53, HRS.

The bill seeks to redevelop the infrastructure and facilities within designated redevelopment districts. However, the bill is unnecessary because there are already existing laws and ordinances that provide the process and financing to make such improvements, as evidenced by the County of Hawaii's creation of BDHRA under Chapter 53, HRS.

Section 46-80.5, HRS, authorizes the various counties to enact ordinances to create special improvement districts for the purpose of providing and financing such improvements, services, and facilities within the special improvement district as the applicable county council determines necessary or desirable to restore or promote business activity in the special improvement district. This is the same purpose sought by this bill.

Under the authority of Section 46-80.5, HRS, the County of Hawaii, as an example, enacted Chapter 12 of the Hawaii County Code, which authorizes the County of Hawaii to create improvement districts to construct new, or improve existing infrastructure and facilities, including roadways and utility infrastructure and improvements. It should also be noted that the responsibilities for maintaining such improvements within the proposed redevelopment districts are already vested with the County of Hawaii. Most, if not all, of the public roadways and utility infrastructure within any potentially designated district boundaries have been dedicated to the County.

Thank you for the opportunity to comment on this measure.

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1469, H.D. 1

March 1, 2017
11:00 a.m.
Room 308

RELATING TO PUBLIC LANDS

House Bill No. 1469, H.D. 1, establishes a framework to identify areas of commercial, industrial, resort, and hotel parcels in need of revitalization and redevelopment of the parcels. The bill modifies land lease restrictions pursuant to Section 171, HRS, and creates a nine-member planning committee for each redevelopment district to provide policy direction and prepare a redevelopment plan. The bill authorizes establishment of a revolving fund for each redevelopment district that would generate revenues through: 50% of the income, revenues, and receipts from the public lands in the redevelopment district; legislative appropriations; and grants, gifts, and other funds. House Bill No. 1469, H.D. 1, appropriates an unspecified sum of general funds for FY 18 and FY 19 for this effort.

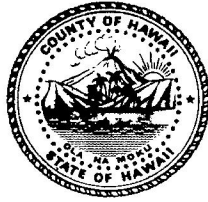
The Department of Budget and Finance, as a matter of general policy, does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4 of the HRS. Revolving funds should: 1) serve a need as demonstrated

by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to House Bill No. 1469, H.D. 1, it is difficult to determine the number of revolving funds that will be created and whether the proposed source of revenues will be self-sustaining for each revolving fund.

The department also has a concern on the general fund revenue impact of the bill since half of the revenue, income, and receipts from public lands in each designated redevelopment district will be diverted away from the Special Land and Development Fund. Pursuant to Section 171-19, HRS, excess moneys in the Special Land and Development Fund lapse to the credit of the State general fund.

Thank you for your consideration of our comments.

From the office of -
Council Member
District 3



Office: (808) 961-8396
Fax: (808) 961-8912
Email: sue.leeloy@hawaiiicounty.gov

SUSAN L.K. LEE LOY

25 Aupuni Street, Hilo, Hawai'i 96720

The Honorable Sylvia Luke, Chair
And members of the Committee on Finance

February 27, 2017

Dear Representative Luke and Committee members,

Thank you for the opportunity to provide testimony in strong support of **HB 1469 HD1**, **HB 575 HD1**, and **HB 1310 HD1**.

Last week Wednesday, the Hawai'i County Council voted to approve Resolution No. 76, which took a position in general support of a package of bills, including those mentioned above, which would revitalize Hilo, the economic hub of East Hawai'i. Although it was sent to you, in the event that you have not seen it I would like to emphasize that the resolution called these bills "of the highest importance to the people of East Hawai'i, and to the economic growth of our Island."

This session, your committee is examining a number of bills that would have a direct impact on the district that I represent. My colleagues on the County Council do not take a position on which bill is superior. We defer to your considered judgment and experience to advance bills that complement each other to guide the vision of our beloved town for the next few decades.

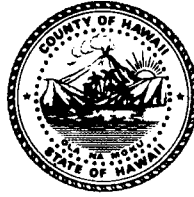
Generally speaking, these three bills before you today have been introduced to improve the State's management over commercial, industrial, and resort lands, with the ultimate goal of supporting reinvestment in private businesses and unleashing economic growth for some areas that are in real need of revitalization.

In that spirit, I respectfully ask for your approval of the above-mentioned bills.

Aloha piha,

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

Sue Lee Loy
Council Member, District 3



RESOLUTION NO. 76 17

A RESOLUTION URGING THE HAWAI‘I STATE LEGISLATURE TO PASS LEGISLATION TO REVITALIZE THE CITY OF HILO AND EAST HAWAI‘I.

WHEREAS, there are eight bills currently being discussed in the Hawai‘i State Legislature that will provide much needed stimulus and revitalization to Hilo and East Hawai‘i; and

WHEREAS, Senate Bill 274 and its companion House Bill 575 authorizes the Board of Land and Natural Resources to extend commercial, hotel, resort, and industrial leases when the lessees make qualifying substantial improvement to the leased land; and

WHEREAS, Senate Bill 1184 and its companion House Bill 1310 establishes the Waiākea Peninsula Redevelopment District, Planning Committee, and Revolving Fund; and

WHEREAS, Senate Bill 1185 and its companion House Bill 1469 establishes procedures for designating public land redevelopment districts, planning committees, district redevelopment plans, and designated redevelopment district revolving funds, establishes powers and duties of planning committees, modifies public land lease restrictions and appropriates funds; and

WHEREAS, Senate Bill 1292 and its companion House Bill 1479 establishes the Hilo Community Economic District located in East Hawai‘i and places it under the jurisdiction of the Hawai‘i Community Development Authority, establishes the Hilo Community Economic Revolving Fund and sets its funding requirements; and

WHEREAS, under current laws and procedures, there has been little incentive for the lessees of State-owned properties to make major investments in improvements to the infrastructure and facilities on these public lands, resulting in the deterioration and stagnation of business; and

WHEREAS, State-owned properties in East Hawai‘i, and in Hilo in particular, present an opportunity for the revitalization and redevelopment of the area’s economy; and

WHEREAS, the Hawai‘i County Council strongly supports all bills introduced in the current session of the Legislature and supports any legislation that will bring much needed revitalization and stimulus to the Banyan Drive and Kanoelehua Industrial Area; and

WHEREAS, the Hawai‘i County Council is in support of allowing Hawai‘i County to provide input and be involved in discussions regarding planning for the future of State-owned properties in Hilo and East Hawai‘i to facilitate the revitalization and stimulation of our economy; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE COUNTY OF HAWAI'I that the Hawai'i State Legislature is urged to pass legislation to revitalize the City of Hilo and East Hawai'i.

BE IT FURTHER RESOLVED that these bills are of the highest importance to the people of East Hawai'i, and to the economic growth of our Island.

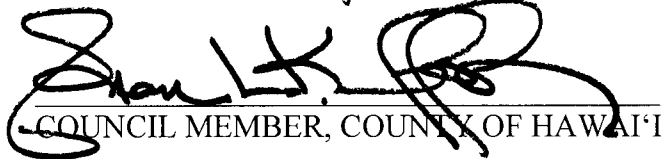
BE IT FINALLY RESOLVED that the County Clerk shall transmit a copy of this resolution to the Honorable Governor David Y. Ige; all Hawai'i State Senators and Representatives; Suzanne D. Case, Chairperson, Department of Land and Natural Resources; Luis P. Salaveria, Director of the Department of Business, Economic Development and Tourism; Jobie M. K. Masagatani, Director of Department of Hawaiian Home Lands; Ford Fuchigami, Director, Department of Transportation; Jesse K. Souki, Executive Director, Hawai'i Community Development Authority; the Honorable Mayor Harry Kim; Michael Yee, Director, Hawai'i County Planning Department; Brian De Lima, Chair, Banyan Drive Hawai'i Redevelopment Agency; Albert Alapaki Nahale-a, Director, Kamehameha Schools-Hawai'i Island; Jacqui Hoover, Executive Director, Hawai'i Island Economic Development Board; David De Luz Jr., President, Kanoelehua Industrial Area Association; Mike Kaleikini, President, Hawai'i Island Chamber of Commerce; and Russell M. Arikawa, President, Japanese Chamber of Commerce and Industry of Hawai'i.

Dated at Kona , Hawai'i, this 22nd day of February , 2017 .

INTRODUCED BY:



COUNCIL MEMBER, COUNTY OF HAWAI'I



COUNCIL MEMBER, COUNTY OF HAWAI'I

COUNTY COUNCIL
County of Hawai'i
Hilo, Hawai'i

I hereby certify that the foregoing RESOLUTION was by the vote indicated to the right hereof adopted by the COUNCIL of the County of Hawai'i on February 22, 2017 .

ATTEST:



COUNTY CLERK



CHAIRPERSON & PRESIDING OFFICER

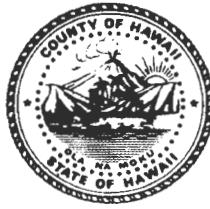
ROLL CALL VOTE

	AYES	NOES	ABS	EX
CHUNG	X			
DAVID			X	
EOFF	X			
KANUHA	X			
LEE LOY	X			
O'HARA	X			
POINDEXTER	X			
RICHARDS	X			
RUGGLES		X		
	7	1	1	0

Reference: C-105/Waived GREDC

RESOLUTION NO. 76 17

Harry Kim
Mayor



Brian DeLima, Chair
Mary Begier, Vice Chair
Elmer Gorospe
Barry Taniguchi
Sig Zane

County of Hawai'i

BANYAN DRIVE HAWAII REDEVELOPMENT AGENCY

Aupuni Center • 101 Pauahi Street, Suite 3 • Hilo, Hawai'i 96720
Phone (808) 961-8288 • Fax (808) 961-8742

February 23, 2017

Dear Committee Chairs:

Subject: HB 575, SB 274, HB 1310, SB 1184, HB 1469, SB 1185, HB 1479, & SB 1292

The Banyan Drive Hawai'i Redevelopment Agency (BDHRA) offers their general support of all legislation aimed at economic revitalization of State-owned properties within the Banyan Drive redevelopment area, including legislation that attempts to resolve issues surrounding State leases that are approaching conclusion.

The BDHRA was established in 2016 to encourage the redevelopment of neglected properties within and along the Waiākea peninsula in East Hawai'i. The County of Hawai'i, in agreement with the Chair of the Board of Land and Natural Resources, identified the implementation of Hawai'i Revised Statutes, Chapter 53, relating to Urban Renewal Law, as the appropriate vehicle to encourage this redevelopment. Beginning in May of 2016, the BDHRA held monthly meetings to solicit input into a conceptual land use master plan for redevelopment of the peninsula in a manner that was in line with the community's values. In October of 2016, the BDHRA adopted a conceptual land use master plan with which to move forward on the required studies and vetting as required by State law. The concept that was adopted includes considerations for commercial, visitor, community, cultural, and open space development.

The BDHRA is appreciative of the much needed attention these properties are receiving at the Legislature this session, and supports efforts to improve the conditions of these properties in a manner that is consistent with the values, resources, and cultures of our county. The BDHRA welcomes further discussion on ways to keep the values and character of our county at the forefront of any bill(s) that move forward.

Sincerely,



Brian DeLima, Chair
Banyan Drive Hawai'i Redevelopment Agency

LM:klt



HB1469 HD1

House Committee, FIN
Chair Sylvia Luke
Vice Chair Ty J.K. Cullen

Aloha Chair Luke,

I am Garth Yamanaka, Committee chair for Government affairs for the Kanoelehua Industrial Area Association (KIAA). Established in 1968, KIAA is an active business association that is comprised of both small and large businesses and organizations within specific Hilo and Keaau boundaries. One of our goals is to advance the commercial and community interests of our member firms. Presently, we represent approximately 350 business members employing approximately 4,500 workers.

KIAA supports the purpose of this measure which is to identify areas of commercial, industrial, resort, and hotel parcels in need of revitalization and to establish guidelines for the redevelopment of those parcels. The current framework for management of public lands in the East Hawaii area has created an environment that is sub-par to market expectations. The passing of HB 1469 HD1 will help to push policy in the right direction as local expertise has an opportunity to be a part of a redevelopment district that will allow public lands to be managed property which in turn will help these sites to be revitalized and relevant in today's market.

We urge you to pass HB 1469 HD 1 and Mahalo for this opportunity to provide testimony.

Mahalo,

Garth Yamanaka
Committee Chair for Government Affairs
KIAA

February 28, 2017

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Ty J.K. Cullen, Vice Chair

Testimony in Support of HB1469 HD1

Aloha Chair Luke,

Hawaii Planing Mill, Ltd. dba HPM Building Supply will be celebrating its 96th anniversary on August 8, 2017. We have over 320 employees and operate 8 facilities across Hawaii Island, Oahu and Kauai. Today we are a 100% employee-owned company and proud that all our success is returned to the communities we serve. Our roots are in Hilo, where HPM was founded in 1921. Since 1961, we have been a lessee of the State of Hawaii and were a recipient of one of the original “tidal wave” leases. The original 55-year lease term came up in 2016 and we have since been granted a 10-year lease extension which expires in 2026.

We respectfully ask for your support of HB1469 HD1. The opportunity to establish and designate public land redevelopment districts brings forward an effective framework to revitalize our Hilo community. Also important to this bill is the establishment of procedures for designating planning committees, district redevelopment plans, and redevelopment district revolving fund appropriations. We also appreciate that HB1469 modifies public land lease restrictions, which will benefit the Kanoehua industrial area where our primary 5-acre Hilo customer center exists. This is important to us as this may allow HPM and other companies currently under lease with the DLNR to potentially renew our lease terms and make substantial improvements to our properties and facilities. Most importantly, we have confidence that the comprehensive nature of HB1469 and its mechanisms for funding provide the right ingredients to make meaningful and timely impact and will establish the economic foundation and engine for our future generations of our Hilo community to thrive.

Thank you for your support of this bill.

Mahalo,



Robert M. Fujimoto, Chairman of the Board Emeritus



Michael K. Fujimoto, Chairman and Chief Executive Officer



Jason R. Fujimoto, President & Chief Operating Officer

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 28, 2017 11:41 AM
To: FINTestimony
Cc: rhkwine@gmail.com
Subject: *Submitted testimony for HB1469 on Mar 1, 2017 11:00AM*

HB1469

Submitted on: 2/28/2017

Testimony for FIN on Mar 1, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Ryan Kadota	Kadota Liquor	Support	No

Comments:

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



49 South Hotel Street, Room 314 | Honolulu, HI 96813
www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

HOUSE COMMITTEE ON FINANCE
Wednesday, March 1, 2017, 11 AM, Conference Room 308
House Bill 1469, HD 1 Relating to Public Lands

TESTIMONY

Douglas Meller, Legislative Committee, League of Women Voters of Hawaii

Chair Luke and Committee Members:

The League of Women Voters of Hawaii strongly opposes HB 1469, HD 1 which establishes procedures for designation of public land redevelopment districts and unaccountable “committees” with authority to negotiate non-bid long-term leases to existing lessees, override unspecified public land use “ordinances and rules”, earmark use of public lease revenues, and waive public collection of lease revenues within redevelopment districts.

We support public planning for redevelopment of public lands and transparent, competitive procedures for award of long-term commercial leases on public lands. We oppose HB 1469, HD 1 because this bill contains provisions which would encourage existing commercial lessees of public lands to “play politics” to gain special unfair treatment.

Thank you for the opportunity to submit testimony



House Finance Committee
Chair Syliva Luke, Vice Chair Ty Cullen

03/01/2017 at 11:00 AM in Room 308
HB1469 HD1 –Relating to Public Lands

TESTIMONY –OPPOSE
Corie Tanida, Executive Director, Common Cause Hawaii

Dear Chair Luke, Vice Chair Cullen, and committee members:

Common Cause Hawaii opposes HB1469 HD1 which would establish procedures to designate public land redevelopment districts, planning committees, and district redevelopment plans; establish the powers and duties of planning committees; and modifies public land lease restrictions.

As this bill seems reminiscent of the Public Lands Development Corporation (PLDC), we are reminded that one of the many issues raised was the lack of transparency and access. Thus, because planning committees are given broad powers including the ability to renew or renegotiate leases, and the ability to make and execute contracts, it should be clearly specified that all planning committees and their meetings are subject to our Sunshine Laws to ensure that the public has every opportunity to participate and voice their opinions on plans and activities, throughout the entire process. HB1469 HD1 specifies that planning committees shall hold “a public hearing” (emphasis added) on their draft plan and incorporate feedback. We believe that the public should be involved from the outset, not after a plan has already been drafted, as these plans and how they’re implemented will affect their neighborhoods and daily lives.

We respectfully urge the committee to **defer this bill**.

Thank you for the opportunity to offer testimony **opposing HB1469 HD1**.



Hawai'i Convention Center
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David Y. Ige
Governor

George D. Szigeti
President and Chief Executive Officer

Statement of
George D. Szigeti
Chief Executive Officer
Hawai'i Tourism Authority
on
HB1469 HD1 Relating to Public Lands
House Committee on Finance
Wednesday, March 1, 2017
11:00am
Conference Room 308

Chair Luke, Vice-chair Cullen and committee members.

The Hawai'i Tourism Authority (HTA) offers the following **comments** on HB1469 HD1, which would establish procedures for designating public land redevelopment districts, planning committees, district redevelopment plans, and redevelopment district revolving funds. The bill would also set the powers and duties of planning committees, allow modifications of public land lease restrictions, and appropriate funds.

HTA supports a mechanism to facilitate the improvement of existing visitor accommodations on public lands, including on Banyan Drive. Improvements to visitor infrastructure are essential as Hawai'i competes in the global tourism market.

Mahalo for the opportunity to comment.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 28, 2017 10:15 AM
To: FINTestimony
Cc: steve.ueda@suisan.com
Subject: Submitted testimony for HB1469 on Mar 1, 2017 11:00AM

HB1469

Submitted on: 2/28/2017

Testimony for FIN on Mar 1, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Steve Ueda	Individual	Support	No

Comments: I strongly support this bill.

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.

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 28, 2017 10:43 AM
To: FINTestimony
Cc: jwmccully54@gmail.com
Subject: Submitted testimony for HB1469 on Mar 1, 2017 11:00AM

HB1469

Submitted on: 2/28/2017

Testimony for FIN on Mar 1, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
James McCully	Individual	Support	No

Comments: Chair Luke and Vice Chair Cullen I write in support of HB1469. I believe it's intent is to improve the public use and public purpose of economic uses on public lands. It pertains ONLY to previously developed Urban lands and is in no way analogous to the former PLDC. If your Committee deems it necessary to restrict this bills effects in regards to public perceptions then I believe the removal of the proposed Sec171-7 (f) would alleviate many of the criticisms noted. Mahalo for your support for this vital bill.
Jim McCully

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LATE

HB1469 HD1
RELATING TO PUBLIC LANDS
House Committee on Finance

March 1, 2017

11:00 a.m.

Room 308

The Office of Hawaiian Affairs (OHA) **OPPOSES** HB1469 HD1, which would authorize lease renewal options for all public lands, and allow indefinite lease extensions for leases of certain public lands. Such provisions may result in the indefinite use of public lands by single private lessees, regardless of whether such lands are put to their highest and best use.

This measure may authorize leases that violate the State's fiduciary obligations under the public trust and the public land trust. Under Article 11, section 1 of the Hawai'i State Constitution and Chapter 171, Hawai'i Revised Statutes (HRS), the State, through the Board of Land and Natural Resources (BLNR), holds in trust approximately 1.3 million acres of public lands, including the natural and cultural resources they contain, for the benefit of present and future generations. Much of these lands are also subject to the public land trust created by Article 12 of the Hawai'i State Constitution and section 5(f) of the Admission Act, which requires that a portion of revenues derived from public land trust lands be dedicated to OHA, for the purpose of bettering the conditions of Native Hawaiians. The trust status of these lands imposes upon the BLNR specific fiduciary obligations of due diligence and undivided loyalty, in making the trust corpus productive and maximizing its benefits for the trust's Native Hawaiian and public beneficiaries. **By authorizing options for renewal of lease terms for any and all public lands, as well as allowing indefinite extensions of lease terms for certain lands, this bill may invite century-long leases that substantially inhibit the BLNR from exploring future uses of trust lands that may provide much greater benefits to both Native Hawaiians and the public.** For example, this measure would allow any public land to be leased for a 65 year term, with an option to renew – essentially giving a single private entity lease rights to public lands for a 130 year period. Such a lease would effectively eliminate the State's ability to carry out its fiduciary duty to maximize the financial and intangible benefits derived from the trust corpus for over a century at a time, regardless of the identification of more appropriate or beneficial uses of the leased lands.

Notably, leases that extend beyond several generations may not only unduly restrict the State and future generations from making sound decisions on the best use of public lands, but may also lead to a sense of entitlement on the part of the lessee, which may and has in the past resulted in the sale and privatization of leased public lands.

OHA understands that this measure appears intended to facilitate the redevelopment of “commercial, industrial, resort, and hotel parcels,” such as the commercial and hotel lands along Banyan Drive in Hilo. OHA also understands that the redevelopment of such areas may be facilitated by allowing for lease extensions consistent with standard mortgage terms, such as the 15-year extensions currently proposed in HB575 HD1. This measure, however, would allow for leases of public lands far beyond any reasonable mortgage term, for a broad range of leases including intensive agriculture, aquaculture, mariculture, special livestock, pasture, and industrial leases. **Furthermore, this measure would open up all leases of public lands to lease renewal options, without qualification; it is unclear why such a provision would be helpful, particularly given that HRS § 171-36(b) already authorizes the BLNR to include lease renewal options in limited circumstances.**

Finally, OHA notes that the proposed amendment to the definition of “public purpose” in HRS Chapter 171 to include “redevelopment of public lands” is unclear and unnecessary for the stated purposes of this measure.

Therefore, OHA urges the Committee to **HOLD** HB1469. Mahalo for the opportunity to testify on this measure.



From: mailinglist@capitol.hawaii.gov
 Sent: Tuesday, February 28, 2017 3:38 PM
 To: FINTestimony
 Cc: bbalsisjr@yahoo.com
 Subject: Submitted testimony for HB1469 on Mar 1, 2017 11:00AM

HB1469

Submitted on: 2/28/2017

Testimony for FIN on Mar 1, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Bernard A Balsis Jr Jr	Individual	Support	No

Comments: I support this Bill to promote the economic development in Hilo. The bill will help businesses be the conduit for good economic development and business growth in East Hawaii. positive ramifications will be felt across the state.

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Re: House bill 1469 HD1 Relating to Public Lands

LATE

Representative Sylvia Luke
Chair of the House Finance Committee
Hawaii State Capital Room 308
415 S. Beretania Street
Honolulu, Hawaii 96813

Chair Luke, Vice Chair Cullen and members of this committee,

My name is Craig Takamine. I was born and raised in Hilo and operate a small business here along with my wife Audrey. I would like to testify in **strong support of HB1469 HD1** which establishes procedures for designating public land redevelopment districts, planning committees, district redevelopment plans and designated redevelopment district revolving funds. Establishes powers and duties of planning committees. Modifies public land lease restrictions. Appropriates funds.

Here in Hilo, the State owns and manages approximately 90% of the resort and industrial lands. The Kanoiehua Industrial Area, which is adjacent to the airport is the home to many small businesses. Many of those leases have less than 10 years left and are set to expire in the near future. Therefore, lessees have not kept up with maintenance and repairs to their facilities allowing these areas to deteriorate and become blighted. Lease extensions for terms of 55 years would allow lessees to access capitol to improve their facilities which would provide construction jobs, promote tourism and support businesses in the surrounding areas.

Thank you for the opportunity to testify on this measure. We urge the committee to strongly support this resolution which would greatly benefit the visitors and residents of Hawaii Island.

Sincerely,



Craig Takamine



HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST
650 Iwilei Road, Suite 285 · Honolulu, HI 96817 · Phone: 808-845-3238 · Fax: 808-845-8300

LATE

**TESTIMONY OF HAWAII LECET
CLYDE T. HAYASHI – DIRECTOR**

HOUSE COMMITTEE ON FINANCE
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

NOTICE OF HEARING

DATE: Wednesday, March 1, 2017
TIME: 1100 a.m.
PLACE: State Capitol, Room 308

TESTIMONY ON HOUSE BILL NO. 1469 HD1, RELATING TO ECONOMIC DEVELOPMENT

ALOHA COMMITTEE CHAIR SYLVIA LUKE, COMMITTEE VICE CHAIR TY J.K. CULLEN, AND COMMITTEE MEMBERS:

My name is Clyde T. Hayashi, and I am the Director of Hawaii LECET. Hawaii LECET is a labor-management partnership between the Hawaii Laborers Union, Local 368, and its unionized contractors.

Mahalo for the opportunity to testify in **STRONG SUPPORT** of House Bill No. 1469 HD1, especially on behalf of over 300 members and their families and our many contractors who call the Big Island home. This bill will establish procedures for designating public land redevelopment districts, planning committees, district redevelopment plans, and designated redevelopment district revolving funds.

HB 1469 appears to provide the necessary changes and procedures to the current land management system which will enable the Waiakea Peninsula and surrounding area lessees to renegotiate their leases and this will likely lead to much needed infrastructure investment into the area.

The Waiakea Peninsula area contains 85 percent of the overnight visitor accommodations in East Hawaii and the State owns a large part of the area. With proper management and support, that area could become an economic driver for East Hawaii, with hotel and resort, commercial and public activities all existing together.

HB 1469, together with HB 1310, will provide the Waiakea Peninsula and the surrounding area an opportunity to finally realize economic revitalization and growth which will greatly benefit the East Hawaii community.

For these reasons, Hawaii LECET **STRONGLY SUPPORTS HB 1469 HD1.**



HOUSE COMMITTEE ON FINANCE
Wednesday, March 1, 2017 11AM Room 308
In OPPOSES HB1469 Relating to Public Lands

Aloha Chairwoman Luke, and members of Finance Committee,

On behalf of our 20,000 members and supporters, the Sierra Club of Hawai'i strongly opposes HB1469, which creates a new redevelopment district exempt from all basic land use laws.

Since 1968, the Sierra Club of Hawai'i has been working to protect the unique natural and cultural resources of our islands. We have extensive experience in defending the veracity of Hawai'i's land use laws. The Sierra Club was part of the massive community outcry that repealed the ill-fated Public Lands Development Corporation. We oppose HB1469 for many of the same reasons the PLDC was rejected.

HB1469 seeks to authorize the establishment of redevelopment districts for specific public lands deemed dilapidated and in need of rejuvenation. While recognizing the valid need to address blight on public lands, we nonetheless find this bill to be a bad deal for the public because it would erase all basic protections public land in the proposed redevelopment district, including all land use laws, and time limits on leases, without providing any added protections.

Section of 171-F(f) of the proposed bill would authorize district redevelopment plans that "...shall supersede all other inconsistent ordinances and rules relating to the use, planning, development, and construction on public land...".

In addition, the bill would specifically add "hotel, resort" to the list of authorized leases on public land, and eliminate the current 65 to 75 year time limits on leases of public land, which effectively gives away public land forever.

This bill could result in hotels and resorts permanently occupying public lands throughout the Hawaiian Islands without any guarantees that the new developments are consistent with our land use laws or good planning principles, and no guarantees that the public would earn any additional revenue for those the land was originally designed to benefit, the people of Hawai'i.

For these reasons, we consider this bill is a bad deal for the people of Hawai'i, and strongly urge you to reject this measure. Thank you very much for this opportunity to provide testimony on this important issue.

Mahalo,

Marti Townsend
Director