

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 SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 1292, S.D. 1

March 1, 2017
9:30 a.m.
Room 211

RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT

Senate Bill No. 1292, S.D. 1: a) establishes the Hilo Community Economic District under the Hawaii Community Development Authorities to facilitate improvement in East Hawaii; b) creates a second Hawaii Community Development Authority; and c) establishes the Hilo Community Economic Revolving Fund that would generate revenues through income of the Authority for the district. The revolving fund would be funded by moneys directed from the government or private sectors (including grants, gifts, and landowner assessments for costs to operate the district), legislative appropriations, and investment earnings. The revolving fund would be used to establish and administer the Hilo Community Development District. The bill also transfers an unspecified percentage of revolving fund moneys to the Special Land and Development Fund.

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 Senate Bill No. 1292, S.D. 1, it is difficult to determine whether the proposed source of revenues will be self-sustaining.

Thank you for your consideration of our comments.



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

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the Senate Committee on
WAYS AND MEANS**

**Wednesday, March 1, 2017
9:30 A.M.
State Capitol, Conference Room 211**

**In consideration of
SENATE BILL 1292, SENATE DRAFT 1
RELATING TO HILO COMMUNITY ECONOMIC DISTRICT**

Senate Bill 1292, Senate Draft 1 proposes to establish the Hilo Community Economic District (District) in South Hilo, Hawaii, place it under the jurisdiction of the Hawaii Community Development Authority (HCDA), and make amendments to various provisions of the Hawaii Revised Statutes (HRS) to facilitate the purpose of the measure. **The Department of Land and Natural Resources (Department) offers the following comments on this bill.**

Senate Draft 1 of the bill recognizes that redevelopment authority of the District should reside at the local, county level, and proposes the creation of two separate HCDAs – one with authority over projects in counties with a population of 500,000 or more, and the other with authority over projects in counties with a population less than 500,000. Senate Draft 1 requires the latter HCDA to engage in discussions with the County of Hawaii to determine the feasibility of the County: (A) assuming the redevelopment powers and duties over the lands within the Hilo Community Economic District as a redevelopment area under Chapter 53, HRS; or (B) establishing a special improvement district pursuant to Section 46-80.5, HRS, that encompasses lands within the district. The Department agrees that redevelopment of the District must directly involve the County and, as explained below, has been working with the County especially on the redevelopment of the Banyan Drive area of the District.

Following on the Department's work with the Banyan Drive Task Force, the Department formally committed over a year ago to work with the County of Hawai'i for the redevelopment of Banyan Drive, through the County of Hawai'i Banyan Drive Hawai'i Redevelopment Agency (BDHRA), which was established in 2016 and is proceeding with planning. Under Senate Draft 1 of the bill, it appears that if the County assumes redevelopment powers and duties over the

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

District or establishes a special improvement district over encompassing the lands within the District, then either such event would trigger the repeal of the measure.

With respect to Banyan Drive, the Department has worked extensively on land leasing and financing transactions on State leasehold properties that have resulted in significant renovations to the Hilo Hawaiian Hotel, the Hilo Bay Café (former Nihon Restaurant site), and the Grand Naniloa Hotel (ongoing). The golf course site, key to redevelopment concepts, is under long-term lease along with the Naniloa lease. The remaining State properties are old, in poor condition, with little useful life remaining: 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. Long-term leases for these properties all expired in 2016 and have been converted to month-to-month revocable permits pending redevelopment planning. Once a long-term plan for Banyan Drive is settled on, the Department can issue new long-term leases consistent with the BDHRA plan.¹

With respect to the Kanoelehua 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), which requires the lessee to make substantial improvements to the premises to qualify for a lease extension.² Although some of the leasehold improvements are not in good condition, a

1 To facilitate redevelopment planning, 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. These studies are publicly available on the Department's website at <http://dlnr.hawaii.gov/ld/kanoelehua-and-banyan-drive-studies/>.

2 As background, 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 House Bill 1479 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 found other states that have maximum lease terms and reviewed how these states' leasing practices deal with end of the term leases. LRB concluded its report in stating:

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.

number of them are well maintained, such as HPM Building Supply, Bank of Hawaii and Big Island Toyota on Kanoelehua 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.

The Department notes that the bill grants the broad leasing powers of HCDA under Section 206E-C, HRS, including the rights to issue leases by direct auction and to extend leases, and provides in SECTIONS 2 and 3 for extensive planning, administrative and office staffing and operational funding. These are not policy options, nor funding resources, currently available to the Department.

If the Legislature pursues this measure in its current form, the Department notes that the bill appears to require all of the existing lease revenues in the Banyan Drive and Kanoelehua Industrial Areas (after deduction of the percentage due to the Office of Hawaiian Affairs (OHA) for ceded lands – currently 20%) to be deposited into the District revolving fund, with an unspecified percentage then being remitted to the Department. The Department incurs significant costs and expenses in maintaining the leases, revocable permits, easements and other dispositions in the proposed district. The Department's leases have rent reopening provisions that require an independent appraisal paid for by the Department under Section 171-17, HRS, and we assume that leases issued by HCDA would have similar reopening provisions. The appraisal reports and mediations and arbitrations that follow when lessees dispute new rents, all cost money. Accordingly, the Department believes that all the revenues generated by existing leases (less OHA's share) should be remitted to the Department to allow it to continue to perform the lease management duties. For new leases that HCDA issues, the revenues such leases generate can be split between the District fund and the Department as the bill contemplates.

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 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, 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 in Hilo.

The revenues from the leases in the proposed district currently are deposited into the Special Land and Development Fund (SLDF). In turn, the SLDF helps fund critical operations within the Department. The Department's Land Division is 100% special funded and does not receive any general fund support. The SLDF covers the entire annual operating budget for LNR101 which consists of the Land Division, the Office of Conservation and Coastal Lands, the Dam Safety Program, and the Geothermal Program. The SLDF also funds other positions within the

Department such as three (3) positions within the Commission on Water Resource Management, provides funding support to the Division of State Parks, various resource protection programs administered by the Division of Forestry and Wildlife, and also funds portions of the salaries and fringe benefits of the accounting staff in the Department's Administrative Services Office.

Given the unforeseen expenses that are incurred from land management, it is paramount that the SLDF maintain a sufficient cash balance to cover emergency land management expenses or rent defaults in addition to projected expenditures. The SLDF has been utilized to remediate unanticipated natural hazards. During the 40-days of rain that occurred in 2006, the SLDF was the Department's go-to fund for emergency work. Additionally, the SLDF has provided support for wild land firefighting efforts, flooding from streams and rockfall/landslide mitigation.

For Fiscal Year 2017, \$4.672 million is expected to be transferred to other divisions within the Department to fund their programs and operations.³

In summary, while the Department recognizes the importance of economic redevelopment in East Hawaii, the Department cannot afford to turn over the lion's share of its lease rents to HCDA, unless HCDA is prepared to take on the lease management responsibilities that go hand-in-hand with receipt of revenue and remit net profits to the Department for its mission.

Thank you for the opportunity to comment on this measure.

3 Examples of Past Funding for Other Divisions within the Department:

Office of Conservation and Coastal Lands (OCCL)

- 100% funding

Engineering Division

- Dam Safety Program (majority funding for personnel costs, operations costs and funding for water gauges for streams and dams)
- Geothermal Mining Program

Division of Forestry and Wildlife (DOFAW) avg. \$800,000 - \$1,600,000

- Threatened and Endangered Species Program
- Invasive Species Program
- Wild land Firefighting

Commission on Water Resource Management (CWRM)

- Fund three (3) Positions (2 hydrologists and a conservation / drought coordinator) and Funds for Stream Monitoring and certain other stream related studies



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



STATEMENT OF
JESSE K. SOUKI, EXECUTIVE DIRECTOR
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE

SENATE COMMITTEE ON WAYS AND MEANS

ON

Wednesday, March 1, 2017

9:30 P.M.

State Capitol, Conference Room 211

in consideration of

**SB1292, SD1 – RELATING TO THE HILO COMMUNITY ECONOMIC
DISTRICT**

David Y. Ige
Governor

John Whalen
Chairperson

Jesse K. Souki
Executive Director

Chair Tokuda and Vice Chair Dela Cruz and members of the committee.

The Hawaii Community Development Authority (HCDA) offers the following **comments** on SB1292, SD1.

While the HCDA board has not taken a position on this specific proposal, it has taken the position that any expansion of the current development districts include funding and other resources to allow the HCDA to effectuate the intent of the proposal. HCDA staff estimates it would require 4.5 FTE at \$520,000/year along with yearly operating costs of \$430,000/year. In addition, operation of a satellite office in the Banyan Drive area would cost approximately \$100,000/year plus initial start-up costs of \$50,000.

We also recommend that if the legislature creates a new community development district under HRS Chapter 206E, that it follow the requirements and criteria of the Chapter as it did for Kakaako, Kalaeloa, and Heeia. This will ensure consistency of process and efficiency in setting up and implementing the new district.

Thank you for the opportunity to provide comments on SB 1292, SD1.

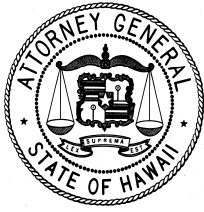
547 Queen Street
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96813

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**WRITTEN TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-NINTH LEGISLATURE, 2017**

ON THE FOLLOWING MEASURE:

S.B. NO. 1292, S.D. 1, RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT.

BEFORE THE:

SENATE COMMITTEE ON WAYS AND MEANS

DATE: Wednesday, March 1, 2017 **TIME:** 9:30 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**
(For more information, contact Lori K.K. Sunakoda,
Deputy Attorney General, at 587-2978)

Chair Tokuda and Members of the Committee:

The Department of the Attorney General offers comments on this bill. The intent of this bill is to amend chapter 206,E Hawaii Revised Statutes (HRS), in order to establish the city of Hilo (located on the island of Hawaii), as a “community economic district,” in order to facilitate improvement and economic opportunity in East Hawaii (located in the County of Hawaii).

The bill, as amended by Senate Draft 1, also changes the references to all boards under the auspices of the Hawaii Community Development Authority (HCDA) as separate “authorities”.

Article III, section 14 of the Constitution of the State of Hawaii, mandates that: “[e]ach law shall embrace but one subject, which shall be expressed in its title.” The proposed amendments to section 206E-3, HRS, on page 12, lines 1 – 6 and lines 9 – 10, page 18, lines 15 – 21, page 19, lines 1 – 21, page 20, lines 1 – 20, and page 21, lines 1 – 14, involving the establishment of “authorities” to oversee development activities in other counties of the state and new “community economic districts” (which would affect the existing City and County of Honolulu “community development districts” of Kakaako, Kalaeloa, and Heeia), impact areas outside the “Hilo community economic district” reflected in this bill’s title. As a result, the bill may be subject to challenge as

violating article III, section 14 of the Constitution of the State of Hawaii, because they fall outside the bill's title.

Thank you for the opportunity to testify on this bill.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
March 1, 2017 at 9:30 a.m.

By
John F. Morton
Vice President for Community Colleges
University of Hawai'i System
and
Donald O. Straney
Chancellor, University of Hawai'i at Hilo

SB 1292 SD1 – RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT

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

Both the University of Hawai'i at Hilo and the University of Hawai'i Community College System are in support of the intent of SB 1292 SD1 to establish the Hilo community economic district located in East Hawai'i.

This proposal will help to improve and strengthen the economic and workforce development opportunities in East Hawai'i. University of Hawai'i at Hilo and University of Hawai'i Community College System view the proposal as a positive solution to promote the social, environmental and economic well-being of our community.

Thank you for the opportunity to testify on SB 1292 SD1. Aloha.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 11:30 AM
To: WAM Testimony
Cc: ecabatu@hhsc.org
Subject: Submitted testimony for SB1292 on Mar 1, 2017 09:30AM

SB1292

Submitted on: 2/27/2017

Testimony for WAM on Mar 1, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Elena Cabatu	East Hawaii Region of Hawaii Health Systems Corporation	Support	No

Comments: Please accept our testimony in support of SB1292 on behalf of the East Hawaii Region, consisting of Hilo Medical Center, Hale Ho'ola Hamakua in Honoka`a, Kau Hospital and our 9 specialty clinics.

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

Harry Kim
Mayor



Wil Okabe
Managing Director

Barbara J. Kossow
Deputy Managing Director

County of Hawai'i
Office of the Mayor

25 Aupuni Street, Suite 2603 • Hilo, Hawai'i 96720 • (808) 961-8211 • Fax (808) 961-6553
KONA: 74-5044 Ane Keohokalole Hwy., Bldg. C • Kailua-Kona, Hawai'i 96740
(808) 323-4444 • Fax (808) 323-4440

February 28, 2017

Senator Jill Tokuda
Ways and Means Committee
Hawai'i State Capitol
Honolulu, HI 96813



Dear Chair Tokuda and Members:

RE: **SB 1292, SD1**
Relating to the Hilo Community Economic District

Thank you for this opportunity to testify in support of the intent and purpose of SB1292, SD1

The County of Hawaii has been partnering with the community in planning the future of publically-owned commercial properties in Hilo, through the Banyan Drive Hawai'i Redevelopment Agency (BDHRA). While we appreciated the initiatives put forth in SB1292 and comparable bills, we had not wanted to abandon our current partners, and therefore had been hoping to get input from BDHRA before taking a final position on the proposed legislation.

Since an earlier hearing on SB1292, BDHRA has expressed its support for a redevelopment district, so we, too, are on board.

We wish to offer the following comments for your consideration:

1. Should this bill be enacted into law, the Hilo Community Economic District (HCED) will be the only redevelopment district outside of the City and County of Honolulu. For this reason, we ask that consideration be given to providing that the District have a voting majority of members from the Hilo community. Any cultural specialist, in particular, should definitely be a cultural practitioner from the Hilo community.
2. Financial support from State general revenues should include opportunities for staffing and facility support, through reimbursements, as may be provided by the County of Hawai'i and the BDHRA in support of the Banyan Drive redevelopment project.

3. We cannot afford to jeopardize or divert the real property tax revenue that comes from the affected parcels and currently goes into the County general fund. We estimate that for the properties in SB 1292, tax revenue exceeds \$3M.).

SB 1292, SD1 says that

§206E-D Hilo community economic revolving fund. (a) There is established in the state treasury the Hilo community economic revolving fund, into which shall be deposited:

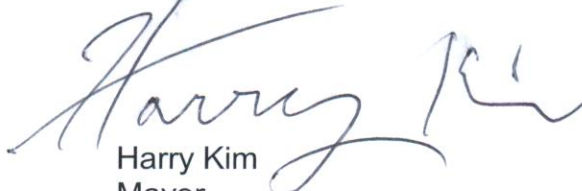
- (1) Notwithstanding any law to the contrary, including section 206E-16, all revenue, income, and receipts of the authority for the district;

We do not think that provision is intended to include real property taxes, but ask for language that makes it crystal clear that real property taxes are not part of “revenues, income, and receipts...”

4. The bill says its purpose is to deal with State-owned land, so perhaps language should be inserted that says that it applies only to land within the district boundaries that is State-owned. We have not determined how much non-State owned land might be affected.

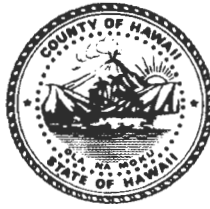
We appreciate the attention that the Legislature has placed on the disposition of State lands within and proximate to the Banyan Drive peninsula and the Kanoelehua Industrial Area, where opportunities exist to optimize the use of these lands for the benefit of the entire community. Our ongoing efforts with the BDHRA reflect that such benefits are not simply economic, but social and cultural as well. It is with this comprehensive approach that we support the intent and purpose of SB1292, SD1 and other bills introduced during this legislative session that seek to explore opportunities regarding the use and management of State-owned lands within the core economic section of Hilo.

Respectfully submitted,



Harry Kim
Mayor

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.

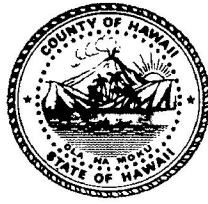
The BDHRA is appreciative of the much needed attention these properties are receiving at the Legislature this session, and supports efforts to improve the conditions of these properties in a manner that is consistent with the values, resources, and cultures of our county. The BDHRA welcomes further discussion 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

From the office of -
Council Member
District 3



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

SUSAN L.K. LEE LOY

25 Aupuni Street, Hilo, Hawai'i 96720

The Honorable Jill N. Tokuda, Chair
And members of the Committee on Ways and Means

February 27, 2017

Dear Senator Tokuda and Committee members,

Thank you for the opportunity to provide testimony in strong support of Senate Bill 1292, as amended to SD 1. I support the intent of this bill and request that your committee recommend its approval. A large portion of the lands identified in the proposed Hilo Community Economic District falls within my Council district.

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 SB 1292, to revitalize this area, which serves as the economic hub of East Hawai'i. Although the resolution was sent to you, in the event that you have not seen it I would like to emphasize these two enacting clauses:

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

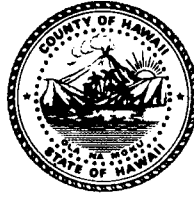
BE IT FURTHER RESOLVED that these bills are of the highest importance to the people of East Hawai'i, and to the economic growth of our Island.

In my discussions with business and community leaders I find overwhelming support for Senate Bill 1292. I respectfully ask for your approval of this important bill.

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.

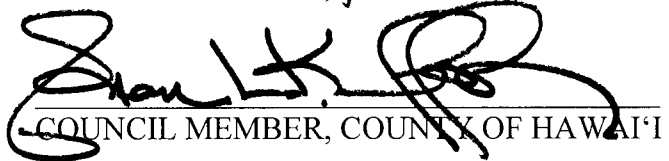
BE IT FINALLY RESOLVED that the County Clerk shall transmit a copy of this resolution to the Honorable Governor David Y. Ige; all Hawai'i State Senators and Representatives; Suzanne D. Case, Chairperson, Department of Land and Natural Resources; Luis P. Salaveria, Director of the Department of Business, 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



**Testimony to the Senate Committee on Ways and Means
Wednesday, March 1, 2017 at 9:30 A.M.
Conference Room 211, State Capitol**

**RE: SENATE BILL 1292 SD1 RELATING TO THE HILO COMMUNITY
ECONOMIC DISTRICT**

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 1292 SD1, which establishes the Hilo community economic district located in East Hawaii and places it under the jurisdiction of the Hawaii community development authority; establishes the Hilo community economic revolving fund; requires all revenue, income, and receipts of HCDA for the district to be deposited in the Hilo community economic revolving fund, and a designated per cent to be transferred to the special land and development fund under the department of land and natural resources.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ 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.

In 1976 the Legislature created the HCDA to revitalize urban areas that were underused and deteriorating. The establishment of the Hilo community economic district would serve to accomplish this very task in the Hilo area. Many of the resorts and improvements along Banyan Drive have fallen into disrepair which has created an unsafe atmosphere that is not the most conducive for visitors and members of the community. The Kanoelehua Industrial Area which is adjacent to the Hilo Airport and home to many small businesses has suffered the same fate due to the fact that many leases have less than 10 years left. The area is in need of a coordinated redevelopment which may include upgrades and expansion of infrastructure that would encourage new investment such as roadways, utilities, improvement of existing facilities and parks.

HCDA is the only State agency that currently has the statutory authority to plan and implement the coordinated redevelopment of an area.

We strongly support the passage of this bill. Thank you for the opportunity to provide our comments on this matter.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 28, 2017 12:17 AM
To: WAM Testimony
Cc: brian@hfbf.org
Subject: *Submitted testimony for SB1292 on Mar 1, 2017 09:30AM*

SB1292

Submitted on: 2/28/2017

Testimony for WAM on Mar 1, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Randy Cabral	Hawaii Farm Bureau	Support	Yes

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.

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SB 1292 SD 1

Senate Committee, WAM
Chair Jill N. Tokuda
Vice-Chair Donovan M. Dela Cruz

Aloha Chair Tokuda,

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 establish the Hilo community economic district to facilitate efficient and effective improvement, and economic opportunity in the East Hawaii area. The current framework for leasing of public lands in the East Hawaii area has created an environment that is sub-par to market expectations. The passing of SB 1292 SD 1 will help to push policy in the right direction as local expertise has an opportunity to be a part of a development authority with sole power over zoning, regulation, and planning in this area.

We urge you to pass SB 1292 SD 1 and Mahalo for this opportunity to provide testimony.

Mahalo,

Garth Yamanaka
Committee Chair for Government Affairs
KIAA



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Twenty-Ninth Legislature, State of Hawaii
The Senate
Committee on Ways and Means

Testimony by
Hawaii Government Employees Association

March 1, 2017

S.B. 1292, S.D. 1 - RELATING TO THE
HILO COMMUNITY ECONOMIC DISTRICT

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 1292, S.D. 1 which establishes the Hilo Community Economic District as a second Hawaii Community Development Authority based on its population size and creates the Hilo Community Economic Revolving Fund for all revenue and income of the district.

Since the State is the largest landowner in East Hawaii, it by default has a significantly influential role in the development and economic success of the East Hawaii community. As the law stands, there is no incentive for current lessees to invest in infrastructural improvements, since the future of their leases remains unknown. The concepts provided in S.B. 1292, S.D. 1 are positive steps in the right direction to revitalize the deteriorating urban core, increase workforce development opportunities for residents, and ensure a strong East Hawaii economy. There is much potential for growth and we are hopeful that the creation of a Hilo Community Economic District will be able to address the unique needs of the community.

Thank you for the opportunity to testify in strong support of passing S.B. 1292, S.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director

The Twenty-Ninth Legislature
Regular Session of 2017

THE SENATE

Committee on Ways and Means

Senator Jill N. Tokuda, Chair

Senator Donovan M. Dela Cruz, Vice Chair

State Capitol, Conference Room 211

Wednesday, March 1, 2017; 9:30 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 1292 SD 1
RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT**

The ILWU Local 142 supports S.B. 1292 SD 1, which establishes the Hilo community economic district located in East Hawaii. The bill creates a second Hawaii community development authority and distinguishes the two authorities based on population. It places the Hilo community economic district under the jurisdiction of the Hawaii Community Development Authority, and creates a Hilo community economic revolving fund. S.B. 1292 SD 1 further requires all revenue, income, and receipts of HCDA for the district, be deposited in the Hilo community economic revolving fund, and a designated per cent to be transferred to the special land and development fund under the department of land and natural resources.

S.B. 1292 SD 1 is an attempt to provide a process for strengthening the economic vitality of Hilo and the East Hawaii area. This bill recognizes the potential for increased growth, that can improve workforce and affordable housing, parks and open space, public facilities, and commercial, industrial, and hotel facilities.

The bill would add three members to the Hawaii Community District Authority who would have voting rights only for issues relating to the district. Because other members of the authority represent various state agencies as well as federal and county agencies, this creates the opportunity for different people and resources to come together.

This would provide a great planning opportunity for the Hilo community economic district and the mechanism to achieve the goals of that plan. This bill would provide a boost for the Hilo and East Hawaii community, and further provides the first step towards creating an economic revitalization plan and the mechanism to implement it. The ILWU supports the amendments added to S.B. 1292 SD 1, and feels that SD 1 strengthens the measure.

The ILWU urges passage of S.B. 1292 SD 1. Thank you for the opportunity to share our views and concerns on this matter.

February 28, 2017

COMMITTEE ON WAYS AND MEANS

Senator Jill N. Tokuda, Chair

Senator Donovan M. Dela Cruz, Vice Chair

Testimony in Support of SB1292 SD1

Aloha Chair Tokuda,

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 SB1292 SD1. The opportunity to create the Hilo Community Economic District under HCDA finally brings forward a master plan for our community, which is much needed for our town’s economic revitalization. We also appreciate that the proposed Hilo Community Economic District will include the Kanoelehua 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 SB1292, its mechanisms for funding, as well as HCDA’s resources and expertise 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: WAM Testimony
Cc: rhkwine@gmail.com
Subject: *Submitted testimony for SB1292 on Mar 1, 2017 09:30AM*

SB1292

Submitted on: 2/28/2017

Testimony for WAM on Mar 1, 2017 09:30AM in Conference Room 211

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

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 11:59 AM
To: WAM Testimony
Cc: micahalameda@gmail.com
Subject: *Submitted testimony for SB1292 on Mar 1, 2017 09:30AM*

SB1292

Submitted on: 2/27/2017

Testimony for WAM on Mar 1, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Micah Alameda	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 4:24 PM
To: WAM Testimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for SB1292 on Mar 1, 2017 09:30AM*

SB1292

Submitted on: 2/27/2017

Testimony for WAM on Mar 1, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Oppose	No

Comments:

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Sent: Monday, February 27, 2017 5:17 PM
To: WAM Testimony
Cc: jwmccully54@gmail.com
Subject: Submitted testimony for SB1292 on Mar 1, 2017 09:30AM

SB1292

Submitted on: 2/27/2017

Testimony for WAM on Mar 1, 2017 09:30AM in Conference Room 211

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

Comments: Aloha Chair I offer strong support for SB1292 I hope my attached testimony is transmitted correctly, I'm currently traveling and relying on my smart phone to submit. That's how important this bill is to me Mahalo Jim McCully

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Sent: Monday, February 27, 2017 11:15 PM
To: WAM Testimony
Cc: hawaiifishingfanatic@gmail.com
Subject: *Submitted testimony for SB1292 on Mar 1, 2017 09:30AM*

SB1292

Submitted on: 2/27/2017

Testimony for WAM on Mar 1, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Don Aweau	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 28, 2017 10:12 AM
To: WAM Testimony
Cc: steve.ueda@suisan.com
Subject: Submitted testimony for SB1292 on Mar 1, 2017 09:30AM

SB1292

Submitted on: 2/28/2017

Testimony for WAM on Mar 1, 2017 09:30AM in Conference Room 211

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

Comments: I support this bill. I believe that the creation of the Hilo Community Development District will lead to better planning and much needed investment in Hilo.

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To: WAM Testimony
Cc: bbalsisjr@yahoo.com
Subject: Submitted testimony for SB1292 on Mar 1, 2017 09:30AM

SB1292

Submitted on: 2/28/2017

Testimony for WAM on Mar 1, 2017 09:30AM in Conference Room 211

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

Comments: I support this bill to help the Hilo Business Community have the opportunities they need to grow our community, provide jobs and grow our economy.

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N. Tokuda, Chair
M. Dela Cruz, Vice Chair
Committee on Ways and Means

Tania Arreygue Nguyen

March 26, 2015

Support for S.B. No. 1294

Honorable Chair Tokuda, Vice-Chair Dela Cruz and members of the committee,

I am Tania Nguyen, a social work student, and a staff member of the University of Hawai'i at Mānoa's John A. Burns School of Medicine's Department of Native Hawaiian Health. I wish to submit this testimony in strong support of SB 1294. This bill would develop an undergraduate health sciences academy within the University of Hawai'i system, in cooperation with relevant educational institutions, to target the recruitment and retention of Native Hawaiian and Pacific Islander students and first generation college attendees. This bill would also appropriate monies out of the general revenues of the State of Hawai'i for twenty permanent faculty and staff positions to establish and implement an undergraduate health sciences academy at the University of Hawai'i.

Our department co-chaired the Native Hawaiian Health Task Force which was created during the 2014 legislative session with the goals of articulating priority areas that will help advance health equity for Native Hawaiians, and in turn, the health of Hawai'i's entire population. The task force recently presented its findings as well as 16 specific recommendations to improve the health of Native Hawaiians. One of these 16 recommendations was to develop an undergraduate health sciences academy within the University of Hawai'i system to target the recruitment and retention of Native Hawaiian students.

I support this bill for numerous reasons:

Traditional Hawaiian culture encouraged the concept of life-long learning. Education encompassed all aspects of their life and was central to Hawaiian philosophy. Education gave people the ability and expertise they needed to support their families, but most importantly, it was a valuable resource within the community.

Many studies, including those done in Hawai'i, find that a person's income is strongly associated with his or her longevity, and income is also strongly tied to a person's educational qualifications. Native Hawaiians who have lower educational attainment and income are more likely to engage in substance abuse and are at greater risk for behavioral health problems and chronic diseases.

- Current data suggest that Native Hawaiians are less likely to attend college than other ethnic groups partly due to low levels of preparation and inadequate finances. For those Native Hawaiian students who do attend college, graduation and retention rates are consistently lower than the general student population. Students also identified that a strong desire to live close to family and participate in family activities and cultural pressures as factors that contributed to non-completion.
- Multiple studies testing factors leading to retention identified that the more involved Native Hawaiian students are in school activities and interact with faculty members and other peers, the more likely they are to persist in their education. The development of a Health Sciences Academy with a focus on Native Hawaiian student retention would target integration of both the student and their family in school activities.
- 30% of Native Hawaiian/Pacific Islander children have parents with high school degrees as their highest education level while 18% have parents with a bachelor's degree or higher. During the 2007 - 08 academic year, 34% of Native Hawaiian/Pacific Islander undergraduate males were enrolled in postsecondary education, yet smaller sample size of the Native Hawaiian/Pacific Islander population made it difficult to provide data for undergraduate completion.
- Health care sector jobs are projected to increase by more than 160% by 2040 and wages are typically more in line with a livable wage for the State of Hawai'i. However, these jobs typically require a Bachelor's degree at minimum, and currently, about 15% of Native Hawaiians or Pacific Islanders hold bachelor's degrees.

Thank you for your consideration.

Respectfully submitted by,

Tania Arreygue Nguyen

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 28, 2017 5:16 PM
To: WAM Testimony
Cc: doug@shipmanlawhilo.com
Subject: *Submitted testimony for SB1292 on Mar 1, 2017 09:30AM*

SB1292

Submitted on: 2/28/2017

Testimony for WAM on Mar 1, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Douglass Adams	Individual	Support	No

Comments:

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