

Honolulu, Hawaii

APR 07 2017

RE: H.B. No. 1479  
H.D. 2  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1479, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT,"

begs leave to report as follows:

The purpose and intent of this measure is to encourage economic development in East Hawaii.

More specifically, the measure:

- (1) Establishes the Hilo Community Economic District (the District) as a community development district under the Hawaii Community Development Authority (HCDA);
- (2) Establishes guidance policies and lease restrictions for the District;
- (3) Establishes the Hilo community economic revolving fund to collect and expend revenue, income, receipts, and appropriations for the District, except for a portion of revenue, income, and receipts to be transferred to the special land and development fund;



- (4) Requires the Governor to appoint seven voting members to HCDA to represent the District and establishes the HCDA members who may be considered in determining a quorum and majority for matters affecting the District;
- (5) Requires HCDA to engage in discussions with the County of Hawaii to determine the feasibility of the County assuming redevelopment powers and duties over the lands within the District as a redevelopment area or establishing a special improvement district that encompasses the lands within the District; and
- (6) Provides that the measure shall be repealed upon the earliest of June 30, 2037, inclusion of the lands within the District within a redevelopment area, or establishment of a special improvement district that encompasses the lands within the District.

Your Committee received written comments in support of this measure from the East Hawaii Region of Hawaii Health Systems Corporation, the University of Hawaii, the Mayor of the County of Hawaii, the Hilo Health Cooperative, Chamber of Commerce Hawaii, Hawaii Government Employees Association, ILWU Local 142, the Building Industry Association of Hawaii, Takamine Construction, Inc., Kanoelehua Industrial Area Association, HPM Building Supply, and six individuals.

Your Committee received written comments on this measure from the Department of Budget and Finance, Department of Land and Natural Resources, HCDA, and Planning Department of the County of Hawaii.

Your Committee finds that the State is the majority landowner in East Hawaii, and thus has an enormous influence on the economic development and overall future of the East Hawaii community. Your Committee believes that East Hawaii has the potential to grow and that improved housing, infrastructure, parks and public facilities, as well as commercial, industrial, and hotel facilities will become necessary in East Hawaii. Your Committee also believes that establishing the District will help East Hawaii achieve its potential.



Your Committee notes that HCDA has taken the position that any expansion in the number of state development districts should include funding and other resources necessary for their implementation, and has estimated that initial costs for establishing this District would include \$520,000 per year for 4.5 FTE staff positions, \$430,000 per year for operations, and \$100,000 per year for a satellite office in Hilo, along with \$50,000 in start-up costs for that office.

Your Committee also notes that this measure could result in the decrease of approximately \$3,000,000 in annual revenues to the special land and development fund.

Your Committee further notes that the Department of Land and Natural Resources, Mayor of the County of Hawaii, and Planning Department of the County of Hawaii have expressed various concerns about this measure. Finally, it may also be necessary to clarify provisions pertaining to the logistics of administering a repeal date of this measure that may require notification to the Revisor of Statutes of the occurrence of an event that triggers a repeal. Thus, your Committee respectfully requests that a Committee on Conference that may deliberate on this measure consider the concerns that have been noted.

Your Committee has amended this measure by changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1479, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1479, H.D. 2, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
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JILL N. TOKUDA, Chair



