

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 Senate Committees on
ECONOMIC DEVELOPMENT, TOURISM, AND TECHNOLOGY
and
WATER AND LAND**

**Monday, March 20, 2017
2:45 P.M.
State Capitol, Conference Room 414**

**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

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

with maximum lease terms and reviewed how these states' leasing practices dealt 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.

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 Hilo Bay Hotel), Country Club Condominium (which is now a residential apartment building – not a condominium), and Reed's Bay Resort Hotel 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

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. These studies are publicly available on the Department's website at <http://dlnr.hawaii.gov/ld/kanoiehua-and-banyan-drive-studies/>. 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.

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 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.

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. These studies are also publicly available on the Department's website at <http://dlnr.hawaii.gov/ld/kanoolehua-and-banyan-drive-studies/>

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 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 Kanoehua 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 Kanoehua 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
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
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OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON ECONOMIC DEVELOPMENT, TOURISM, AND
TECHNOLOGY AND WATER AND LAND
ON
HOUSE BILL NO. 1469, H.D. 1

March 20, 2017
2:45 p.m.
Room 414

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.

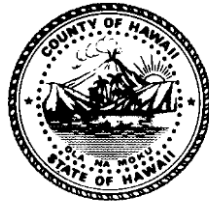
The Department of Budget and Finance, as a matter of general policy, does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4 of the HRS. Revolving funds should: 1) serve a need as demonstrated

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 that needs to be statutorily established.

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.

Harry Kim
Mayor



Michael Yee
Director

Daryn Arai
Deputy Director

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County of Hawai'i
PLANNING DEPARTMENT

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Testimony of
MICHAEL YEE
Planning Director

**Before the Senate Committee on Economic Development, Tourism and Technology
and the Committee on Water and Land**

Monday, March 20, 2017
2:45PM
State Capitol, Conference Room 414

In consideration of
HB 1310 HD1, RELATING TO THE WAIĀKEA PENINSULA REDEVELOPMENT
DISTRICT

HB 1469 HD1, RELATING TO PUBLIC LANDS

HB 1479 HD2, RELATING TO THE HILO COMMUNITY ECONMOIC DISTRICT

The Planning Department has been involved in the planning phases of proposed redevelopment actions within the Waiākea peninsula over the past year through our support of the recently established Banyan Drive Hawai'i Redevelopment Agency (BDHRA). It is understood that an unintended consequence of the State's leasing policies under HRS 171 has been the lack of reinvestment by lessees into the infrastructure of leased properties and the infrastructures' subsequent decline. Hilo is particularly affected by these leasing policies as there are substantial tracts of State lands in our community. Planning and the BDHRA are supportive of proposed legislation to stimulate reinvestment and economic growth through changes to the State's leasing policies. Planning and the BDHRA also agree that the properties identified in HB1310 HD1, HB1479 HD2, and SB1292 SD2 could benefit from revisions to leasing policies and from comprehensive planning efforts to identify a successful path forward that supports the lessees and the broader interests and concerns of our community.

Planning and the BDHRA are aware that the Legislature must consider the two structurally different approaches these bills are proposing; redevelopment under DLNR direction through HB1310 HD1 versus redevelopment under the Hawai'i Community Development Authority under HB1479 HD2 and SB1292 SD2. The strengths and benefits of both entities should be considered as these bills move forward.

HB1469 HD1 proposes changes to HRS 171, pertaining to management and disposition of public lands. Planning is offering the following specific comments on HB1469 HD1.

- The purpose of this bill, in part, is to: §171-A(b)(2) “establish a plan for the designated area, including district-wide improvements, that is coordinated with State and county land use and planning policies;”. The director of planning of the county in which the designated district is located is identified as an “ex-officio, voting member of the committee”, which is to contain 9 members. Language should be made clear to identify both the director of planning and the chairperson of the board of land and natural resources as members that count toward a voting quorum of the committee’s membership.
- Under §171-D(b)(2)(B), we recommend adding a new section: (vii) Land Use Planning or similar field;
- Under §171-D(b)(2), we recommend adding new section: §171-D(b)(2)(C) One member shall be selected on the basis of their knowledge of history and cultural traditions or practices within the redevelopment area.
- Under §171-F(e), consider replacing the date 2020 with the Legislative session directly following the two-year anniversary of the formation of the planning committee for the redevelopment district.
- Concerning Section 171-F(e). Planning questions whether 2-years is long enough to develop a redevelopment plan with needed studies and public input. This section should include a provision for a time extension of not more than 2 additional years in case more time to develop a redevelopment plan is needed.
- Concerning Section 171-F(f). The County of Hawai‘i has begun implementation of HRS Chapter 53 relating to Urban Renewal Law within the Waiākea Peninsula. A redevelopment plan developed pursuant to Chapter 171, HRS should work with or incorporate the redevelopment actions or plan developed pursuant to Chapter 53, HRS.
- Under §171-35(6), include the underscored in the bill’s language: “Where applicable, adequate protection of forests, watershed areas, game management areas, wildlife sanctuaries, important cultural or historical sites, and public hunting areas, reservation of rights-of-way and access to other public lands, public hunting areas, game management areas, or public beaches, and prevention of nuisance and waste; and”

Planning recognizes that **HB1310 HD1** is dependent on the proposed structure provided by the passing of HB1469_ HD1 or a version thereof. Specific comments are provided for HB1469_ HD1 above.

HB1479 HD2, and its companion bill SB1292 SD2, proposes use of HRS 206E, Hawai‘i Community Development Authority, to prompt needed changes in a number of State-owned property in the area of East Hawai‘i. As previously noted, Hawai‘i County established the BDHRA through use of HRS 53 in order to plan for and redevelop lands along Banyan Drive in Hilo. In review of HRS 206E and HRS 53, it would appear both sets of legislation employ

similar powers and duties to the respective authority or agency. If the Legislature considers the adoption of HB1479 HD2 or SB1292 SD2 the County would request that the progress made to date by BDHRA (such as the development of a conceptual master plan) be incorporated into the Hilo Community Economic Development District effort.

The County would note that, in comparing HB1479 HD2 with its companion Senate bill, it appears the House bill has included a number of requests made by HDCA that seem necessary in order for that entity to successfully take on the planning and redevelopment of the district. As such, the House version of the bill might be more complete than the Senate version at this time.

Planning is offering the following specific comments on HB1479 HD2.

Concerning Section 206E-3. In the case of the Hilo Community Economic Development District, the cultural specialist identified in subsection (b) should be from the district. This could be done by making the existing position an “at-large” position and including a cultural specialist from the district, or by adding language that identifies that each cultural specialist should be from the individual economic development districts. The Planning Director should be included as an ex-officio *voting* member of the authority. Specifically relating to the Hilo Community Economic Development District, Planning makes the following language suggestions identified in subsection (4); deletions ~~struck~~, additions underlined:

(4) For matters affecting the Hilo community economic development district, the following members shall be considered in determining quorum and majority and shall be eligible to vote:

(A) The director of finance or the director’s designee;

(B) The director of transportation or the director’s designee;

(C) The director of planning or the director’s designee;

~~(D)~~(D) The cultural specialist-at large;

(E)The cultural specialist from the district;

~~(D)~~(F) The three at-large members; and

~~(E)~~(G) The three representatives of the Hilo community economic development district;

~~provided that the director of planning and permitting of the relevant county or the director’s designee shall participate in these matters as an ex officio, nonvoting member and shall not be considered in determining quorum and majority.~~

Mahalo for your consideration of these important initiatives.



HB1469 HD1
RELATING TO PUBLIC LANDS

Senate Committee on Economic Development, Tourism, and Technology
Senate Committee on Water and Land

March 20, 2017

2:45 p.m.

Conference Room 414

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, which may otherwise 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 land far beyond any reasonable mortgage term, for a broad range of leases including hotel, resort, school, certain government entities and certain charitable organizations. **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 Committees to **HOLD** HB1469 HD1. Mahalo for the opportunity to testify on this measure.



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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

Senate Committees on Economic Development, Tourism, and Technology
and Water and Land

Monday, March 20, 2017

2:45pm

Conference Room 414

Chairs Wakai and Rhoads, Vice-Chairs Taniguchi and Gabbard, 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.



HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST
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**TESTIMONY OF HAWAII LECET
CLYDE T. HAYASHI – DIRECTOR**

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, AND TECHNOLOGY
Senator Glenn Wakai, Chair
Senator Brian Taniguchi, Vice Chair

SENATE COMMITTEE ON WATER AND LAND
Senator Karl Rhoads, Chair
Senator Mike Gabbard, Vice Chair

NOTICE OF HEARING

DATE: Monday, March 20, 2017
TIME: 2:45 p.m.
PLACE: State Capitol, Room 414

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

ALOHA COMMITTEE CHAIR GLENN WAKAI, COMMITTEE CHAIR KARL RHOADS, 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.**

**Testimony before the Senate Committee on Economic
Development, Tourism and Technology
and
Senate Committee on Water and Land**

**By Leila Beals
Supervising Land Agent, Hawai'i Electric Light**

**Monday, March 20, 2017
2:45 p.m., Conference Room 414**

House Bill No. 1469, HD1 –Relating to Public Lands

Chair Wakai, Chair Rhoads, Vice Chair Taniguchi, Vice Chair Gabbard, and Members of the Committees,

My name is Leila Beals and I am testifying on behalf of the Hawai'i Electric Light Company in support of HB 1469, HD1.

HB 1469, HD1 would modify public land lease restrictions. The Hawai'i Electric Light Company supports the bill for the following reasons:

- It is aimed at revitalizing our Hilo community and promotes economic growth.
- It will benefit the Kanoelehua industrial area businesses by establishing procedures and plans for the redevelopment of this area.
- Hawai'i Electric Light Company currently has a State Lease No. S-3925 within the Kanoelehua industrial area. The area we are leasing is part of our Kanoelehua Baseyard which is our main area of operation. The leased area supports our generation, distribution, warehouse, maintenance, engineering and system operations. If enacted into law, this legislation will modify lease restrictions and provide a means for Hawai'i Electric Light Company to extend our lease, thus allowing us to continue our operations to serve the entire Island of Hawai'i.

Thank you for the opportunity to testify on this matter.



HB1469 HD1

Senate Committee's ETT/WTL
ETT Chair Glenn Wakai
WTL Chair Karl Rhoads

Aloha Chairs Wakai & Rhoads,

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



The following individuals express their support for the following:

HB1469 HD1

Name	Company	Address	Phone	Email	IP Address
Brian Nakano	Chika Nakano Repair Shop	90 Pookela st Hilo, HI 96720	808-935-1862	cnrs@interpac.net	98.155.11.107
David S. De Luz, Jr.	Big Island Toyota, Inc./De Luz Chevrolet	811 Kanoelehua Avenue Hilo, HI 96720	808-895-4284	djr@teamdeluz.com	74.87.59.244
Garth Yamanaka	Yamanaka Enterprises Inc	1266 Kamehameha Ave Hilo, HI 96720	808-935-9766	garthyama@gmail.com	72.253.170.140
Joni Y Uemura		792 Hualani Street Hilo, HI 96720	808-935-7220	JoniU@HawaiiForklift.com	72.130.231.180
Mike Nakashima	Rannikks Auto Specialists	843 Leilani Street Hilo, HI 96720	808-961-3889	rannikksmike@hawaii.rr.com	72.130.226.56
Neil Takeda		95-706 Lauawa Street Mililani, HI 96789	808-623-5020	takebasa@hotmail.com	64.29.88.4
Paul Muranaka	Hawaii Farm Services, LLC	1133 Manono St., Suite 1 Hilo, HI 96720	808-935-9009		72.253.7.14
Steve Handy Jr.	One Handy Subway Ltd.	1032 Kukuau Street Hilo, HI 96720	808-990-6335	seshandy@hawaii.rr.com	72.130.234.181
Welden K. Ahuna	Rainbow Isle Refrigeration & Air Conditioning, Inc.	831-H Leilani Street Hilo, HI 96720	808-935-4424	rainbowisle1@aol.com	72.234.33.139
Glenn Hara	THY & Associates, Inc.	16-151 Wiliama Street Keaau, HI 96749	808-966-5444	glenn@thyassociates.com	173.198.71.234

Jacqueline Watanabe	Big Island Toyota	811 Kanoelehua Ave Hilo HI 96720	808-895- 5099HB1479	jdeluz@teamdeluz.com	74.87.59.244
Craig Takamine	Takamine Construction, Inc.	1266 Kamehameha Ave Hilo, HI 96720	808-989-8044	craighilo@gmail.com	70.212.132.68
Kerry Umamoto	Hilo Fish Company	55 Holumua Street Hilo, HI 96720	808-640-7684	kerry@hilofish.com	107.77.223.122
Catherine Yamanaka		428 Naniakea Street Hilo. HI 96720	808-938-2141		24.162.2.163
Cory C Aguiar	KIAA	820 Piialani St., Suite 201 Hilo, HI 96720	808-961-5422	caguiar@kiaahilo.org	66.91.0.61
Charla Ann Kahele	Sig Zane Designs	122 Kamehameha Ave Hilo, HI 96720	808-935-9980	kahele@sigzane.com	66.91.178.21

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 18, 2017 7:57 AM
To: ETT Testimony
Cc: henry.lifeoftheland@gmail.com
Subject: *Submitted testimony for HB1469 on Mar 20, 2017 14:45PM*

HB1469

Submitted on: 3/18/2017

Testimony for ETT/WTL on Mar 20, 2017 14:45PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Henry Curtis	Life of the Land	Oppose	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.

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 18, 2017 12:21 PM
To: ETT Testimony
Cc: fosters005@hawaii.rr.com
Subject: Submitted testimony for HB1469 on Mar 20, 2017 14:45PM

HB1469

Submitted on: 3/18/2017

Testimony for ETT/WTL on Mar 20, 2017 14:45PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Scott Foster	Hawaii Advocates For Consumer Rights	Oppose	No

Comments: Please do not pass HB1469. It is counter-productive. Mahalo on behalf of our 2500 members across the state.

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Senate Economic Development, Tourism, and Technology Committee / Senate Water and Land Committee
Chair Glenn Wakai, Vice Chair Karl Rhoads

03/20/2017 at 2:45 PM in Room 414
HB1469 HD1 –Relating to Public Lands

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

Dear Chair Wakai, Chair Rhoads, 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**.

From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 17, 2017 3:39 PM
To: ETT Testimony
Cc: sue.leeloy@hawaiicounty.gov
Subject: *Submitted testimony for HB1469 on Mar 20, 2017 14:45PM*

HB1469

Submitted on: 3/17/2017

Testimony for ETT/WTL on Mar 20, 2017 14:45PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Council Woman Sue Lee Loy	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 18, 2017 4:04 PM
To: ETT Testimony
Cc: valerie@isomedia.com
Subject: Submitted testimony for HB1469 on Mar 20, 2017 14:45PM

HB1469

Submitted on: 3/18/2017

Testimony for ETT/WTL on Mar 20, 2017 14:45PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Valerie Barnes	Individual	Oppose	No

Comments: This bill is a despicable attempt to revive the PLDC approach to privatizing public lands for developers' enrichment and to the detriment of Hawaii's Native population and residents. The sponsors' insistence on selling out this state is noted. I STRONGLY oppose this bill.

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 18, 2017 9:26 PM
To: ETT Testimony
Cc: maddux@aloha.net
Subject: Submitted testimony for HB1469 on Mar 20, 2017 14:45PM

HB1469

Submitted on: 3/18/2017

Testimony for ETT/WTL on Mar 20, 2017 14:45PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Maddux	Individual	Oppose	No

Comments: Our heritage is open spaces. Let's not fill it up for profit. This is a developers dream. A nightmare for the rest of us.

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 18, 2017 5:35 AM
To: ETT Testimony
Cc: skaye@runbox.com
Subject: *Submitted testimony for HB1469 on Mar 20, 2017 14:45PM*

HB1469

Submitted on: 3/18/2017

Testimony for ETT/WTL on Mar 20, 2017 14:45PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
sally kaye	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 14, 2017 3:19 PM
To: ETT Testimony
Cc: ndavlantes@aol.com
Subject: Submitted testimony for HB1469 on Mar 20, 2017 14:45PM

HB1469

Submitted on: 3/14/2017

Testimony for ETT/WTL on Mar 20, 2017 14:45PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Nancy Davlantes	Individual	Oppose	No

Comments: The failed PLDC rears its ugly head again in this bill. It should have the same fate.

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 18, 2017 1:15 AM
To: ETT Testimony
Cc: bill@puna.us
Subject: Submitted testimony for HB1469 on Mar 20, 2017 14:45PM

HB1469

Submitted on: 3/18/2017

Testimony for ETT/WTL on Mar 20, 2017 14:45PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Bill Smith	Individual	Oppose	No

Comments: Strongly oppose

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 18, 2017 8:28 AM
To: ETT Testimony
Cc: owen@hawaii.edu
Subject: Submitted testimony for HB1469 on Mar 20, 2017 14:45PM

HB1469

Submitted on: 3/18/2017

Testimony for ETT/WTL on Mar 20, 2017 14:45PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Owen Miyamoto	Individual	Support	No

Comments: I urge your support for HB 1469 to develop public lands. In the past, development was assigned to the Hawaii Community Development Authority for Kakaako and the former Barbers Point Naval Air Station. The latter has been ignored and planned development has failed to produce the edonomic potential of the area. I support your passage of HB 1469.

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 17, 2017 10:01 PM
To: ETT Testimony
Cc: daniel.dano.gardner@gmail.com
Subject: Submitted testimony for HB1469 on Mar 20, 2017 14:45PM

HB1469

Submitted on: 3/17/2017

Testimony for ETT/WTL on Mar 20, 2017 14:45PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Dan Gardner	Individual	Oppose	No

Comments: This is not a good bill. It would create additional bureaucracy with little positive impact. It needs to be rewritten or pulled.

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 18, 2017 10:49 PM
To: ETT Testimony
Cc: doug@shipmanlawhilo.com
Subject: *Submitted testimony for HB1469 on Mar 20, 2017 14:45PM*

HB1469

Submitted on: 3/18/2017

Testimony for ETT/WTL on Mar 20, 2017 14:45PM in Conference Room 414

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

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 16, 2017 7:48 AM
To: ETT Testimony
Cc: doug@shipmanlawhilo.com
Subject: *Submitted testimony for HB1469 on Mar 20, 2017 14:45PM*

HB1469

Submitted on: 3/16/2017

Testimony for ETT/WTL on Mar 20, 2017 14:45PM in Conference Room 414

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

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 19, 2017 12:35 PM
To: ETT Testimony
Cc: MSMatson@hawaii.rr.com
Subject: Submitted testimony for HB1469 on Mar 20, 2017 14:45PM

HB1469

Submitted on: 3/19/2017

Testimony for ETT/WTL on Mar 20, 2017 14:45PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Michelle Matson	Individual	Oppose	No

Comments: House Bill 1469 is a corrupt bill that threatens Hawaii's entire land use planning history and our protected public lands reserved for public use in the public interest. This bill is a transparent attempted resurrection of the infamously failed PLDC – even worse than the PLDC. PLEASE KILL THIS BILL.

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