

DAVID Y. IGE  
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
SUZANNE D. CASE  
Chairperson**

**Before the House Committee on  
FINANCE**

**Wednesday, February 22, 2017  
2:00 P.M.  
State Capitol, Conference Room 308**

**In consideration of  
HOUSE BILL 1479, HOUSE DRAFT 2  
RELATING TO HILO COMMUNITY ECONOMIC DISTRICT**

House Bill 1479, House Draft 2, proposes to establish the Hilo Community Economic Development 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 proposed Hilo Community Economic Development District (HCEDD) encompasses the Banyan Drive area and Kanoehua Industrial Area of Hilo. **The Department of Land and Natural Resources (Department) offers the following comments on this bill.**

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, which was established in 2016 and is proceeding with planning. It is unclear what the impact of this bill would be on that County process. The Department respectfully suggests the Legislature consider amending this bill to clarify this situation either by removing the Banyan Drive area from this bill, or to expressly indicate its intent to preempt the County redevelopment process for Banyan Drive.

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

**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

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 Banyan Drive Hawai‘i Redevelopment Agency plan.<sup>1</sup>

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.<sup>2</sup> Although some of the leasehold improvements are not in good condition, a

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<sup>1</sup> 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/>.

<sup>2</sup> 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.

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.

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 SECTION 5 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 HCEDD 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 HCEDD fund and the Department as the bill contemplates.

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

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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.

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.<sup>3</sup>

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.

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<sup>3</sup> 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 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 water conservation / drought coordinator) and Funds for Stream Monitoring and certain other stream related studies

DAVID Y. IGE  
GOVERNOR



WESLEY K. MACHIDA  
DIRECTOR

LAUREL A. JOHNSTON  
DEPUTY DIRECTOR

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

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

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

**WRITTEN ONLY**  
TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 1479, H.D. 2

**February 22, 2017**  
**2:00 p.m.**  
**Room 308**

**RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT**

House Bill No. 1479, H.D. 2, establishes the Hilo Community Economic Development District under the Hawaii Community Development Authority to facilitate improvement in East Hawaii. The bill establishes the Hilo Community Economic Revolving Fund that would generate revenues through income of the Authority for the district; 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 funds would be used to establish and administer the Hilo Community Economic Development District. The bill transfers an unspecified percentage of revolving fund moneys to the Special Land and Development Fund, and appropriates an unspecified sum of general funds for FY 18 and FY 19 for positions to establish and administer the development district and a new satellite office.

The Department of Budget and Finance takes no position on the establishment of the Hilo Community Economic Development District. As a matter of general policy, the department 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;

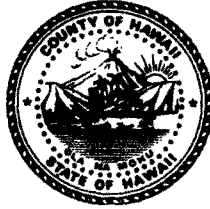
2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue;

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. 1479, H.D. 2, it is difficult to determine whether the proposed source of revenues will be self-sustaining.

Thank you for your consideration of our comments.

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 21, 2017

Representative Sylvia Luke  
Finance Committee  
Hawai'i State Capitol  
Honolulu, HI 96813

Dear Chair Luke and members:

**RE: HB 1479, HD 2**

Thank you for this opportunity to testify in general support of HB 1479, HD 2.

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 appreciate the initiatives put forth in HB 1479 and comparable bills, we have not wanted to abandon our current partners, and therefore have been hoping to get input from BDHRA before taking a final position on the proposed legislation.

Since your hearing on HB 1479 will occur prior to the next scheduled meeting of BDHRA later on Wednesday, please accept this testimony while recognizing that the BDHRA has not yet had the opportunity to take a position on a bill that will so clearly impact its efforts to develop and implement a master plan for the Banyan Drive peninsula.

We have been monitoring this bill through its committee hearings and appreciate the amendments in Draft 2 that provide greater clarity regarding lease proceeds as they involve Hawaiian Home Lands. We do, however, wish to offer the following comments for your consideration:

1. Having three voting members representing the Hilo community on the new board does not seem adequate. Should this bill be enacted into law, the Hilo Community Economic District (HCED) will be the only economic district outside of the City and County of Honolulu. For this reason, we ask that consideration be given to providing that the HCED have a voting majority of

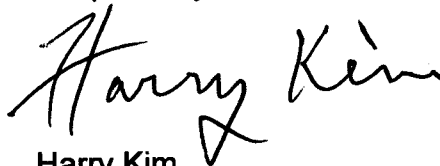
Sylvia Luke  
Finance Committee  
February 21, 2017

members from the Hilo community. The cultural specialist, in particular, should definitely be a cultural practitioner from the Hilo community.

2. Financial support from State general revenues for Fiscal Years 2017 through 2019 should consider 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.

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 HB 1479 and other bills introduced during this legislative session that seek to explore opportunities regarding the use and management of State-owned lands within these two core economic sections of Hilo.

Respectfully submitted,

A handwritten signature in black ink that reads "Harry Kim". The signature is written in a cursive style with a large, stylized "H" and "K".

Harry Kim  
Mayor



*From the office of -*  
Council Member  
District 3



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

**SUSAN L.K. LEE LOY**

25 Aupuni Street, Hilo, Hawai'i 96720

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

February 21, 2017

Dear Representative Luke and Committee members,

Thank you for the opportunity to provide testimony in strong support of House Bill 1479, as amended to HD 2. 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.

On the same day that your Committee is meeting, the Hawai'i County Council will discuss and vote on a resolution that stakes a position in general support of a package of bills, including HB 1479, to revitalize this area, which serves as the economic hub of East Hawai'i. While I cannot speak for my colleagues yet, I believe this formal resolution will gain their full support.

In my discussions with business and community leaders I find overwhelming support for HB 1479. I appreciate the amendments that have been made in HD 2 and I respectfully ask for your approval of this important bill.

Aloha piha,

Sue Lee Loy  
Council Member, District 3



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
House Committee on Finance  
February 22, 2017 at 2:00 p.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

HB 1479 HD2 – RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT

Chair Luke, Vice Chair Cullen 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 HB 1479 HD2 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 HB 1479 HD2. Aloha.



## 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  
House of Representatives  
Committee on Finance

Testimony by  
Hawaii Government Employees Association

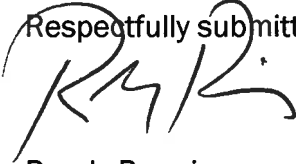
February 22, 2017

H.B. 1479, H.D. 2 – RELATING TO THE  
HILO COMMUNITY ECONOMIC DISTRICT

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of H.B. 1479, H.D. 2 which establishes the Hilo Community Economic Development District under the Hawaii Community Development Authority 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. We are hopeful that the Hilo Community Economic Development District will be able to address the unique needs of the community. The concepts provided in H.B. 1479, H.D. 2 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.

Thank you for the opportunity to testify in strong support of passing H.B. 1479, H.D. 2.

Respectfully submitted,  
  
Randy Perreira  
Executive Director

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 21, 2017 11:08 AM  
**To:** FINTestimony  
**Cc:** ecabatu@hhsc.org  
**Subject:** Submitted testimony for HB1479 on Feb 22, 2017 14:00PM

**HB1479**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

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

Comments: On behalf of the East Hawaii Region of Hawaii Health Systems Corporation, consisting of Hilo Medical Center, Hale Ho`ola Hamakua and Ka`u Hospital, please accept our support for HB 1479.

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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# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Finance  
Wednesday, February 22, 2017 at 2:00 P.M.  
Conference Room 308, State Capitol**

**RE: HOUSE BILL 1479 HD2 RELATING TO THE  
HILO COMMUNITY ECONOMIC DISTRICT**

Chair Luke, Vice Chair Cullen, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 1479 HD2, which proposes to establish the Hilo community economic district located in East Hawaii and places it under the jurisdiction of the Hawaii community development authority. It also establishes the Hilo community economic revolving fund, and requires all revenue, income, and receipts of HCDA for the district to be deposited in the Hilo community economic revolving fund. The bill will also require 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 HB 1479 HD 2. Thank you for the opportunity to provide our comments on this matter.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 21, 2017 9:51 AM  
**To:** FINTestimony  
**Cc:** greggorilagan@gmail.com  
**Subject:** Submitted testimony for HB1479 on Feb 22, 2017 14:00PM

**HB1479**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Marlene Hapai	Hawaii Island Portuguese Chamber of Commerce	Support	No

Comments: The Hawaii Island Portuguese Chamber of Commerce supports HB1479 HD2 to establish a Hilo Community Economic District in East Hawaii. A coordinated management of Hilo's resources and growth is needed to maximize its economic potential and at the same time retain its characteristics that define Hilo's uniqueness. Marlene Hapai, HIPCC President.

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Re: House Bill 1479 HD2 Relating to the Hilo Community Economic District

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

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

My name is Craig Takamine. I was born and raised in Hilo and operate a small business here along with my wife Audrey. I would like to testify in **strong support of HB1479 HD2** which establishes the Hilo Community Economic District located in East Hawaii and places it under 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.

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. We are faced with many challenges. 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. We are sorely in need of an avenue to redevelop the Hilo area which will encourage new investment such as roadways, utilities, improvement of existing facilities and parks.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Craig Takamine', with a long horizontal flourish extending to the right.

Craig Takamine



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

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

HOUSE COMMITTEE ON FINANCE  
Rep Sylvia Luke, Chair  
Rep. Ty Cullen, Vice Chair

**NOTICE OF HEARING**

DATE: Wednesday, February 22, 2017  
TIME: 2:00 p.m.  
PLACE: State Capitol, Conference Room 308

**TESTIMONY ON HOUSE BILL NO. 1479 HD2, RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT.**

ALOHA COMMITTEE CHAIR SYLVIA LUKE, COMMITTEE VICE CHAIR TY CULLEN, AND COMMITTEE ON TRANSPORTATION 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 **SUPPORT** of House Bill No. 1479 HD2, especially on behalf of over 300 members and their families and our many contractors who call the Big Island home. This bill proposes to establish the Hilo Community Economic District and places it under the jurisdiction of the Hawaii Community Development Authority.

We support establishing the Hilo Community Economic District and placing it under the HCDA. The HCDA should be able to better focus on managing the state lands for the betterment of East Hawaii and address the long standing problems of uncertain futures that lessees now experience. The HCDA will be able to better address the need for infrastructure improvements. If done well, it has the potential to lead to economic development in East Hawaii with improved hotel, commercial, and industrial facilities. It may also lead to increased affordable housing, improved parks and open space, and better public facilities.

The proposed Hilo Community Economic District also includes the Banyan Drive area. This area needs focus and attention, which hopefully the HCDA will provide, so that it can be developed to its full potential.

For these reasons, we **support** House Bill No. 1479 HD2.



# Hawai'i Construction Alliance

P.O. Box 179441  
Honolulu, HI 96817  
(808) 348-8885

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February 19, 2017

The Honorable Sylvia Luke, Chair  
The Honorable Ty J.K. Cullen, Vice Chair  
and members  
House Committee on Finance  
Hawai'i State Legislature  
Honolulu, Hawai'i 96813

## **RE: Support for HB1479 HD2, Relating to the Hilo Community Economic District**

Dear Chair Luke, Vice Chair Cullen, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; the Laborers' International Union of North America, Local 368; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

We **support HB1479 HD2**, which would establish the Hilo Community Economic Development District located in East Hawaii under the Hawaii Community Development Authority; would establish the Hilo Community Economic Revolving Fund for all revenue, income, and receipts of the district, except a portion transferred to the Special Land and Development Fund, and would appropriate funds for staff, start-up, and operational costs.

We have long been concerned about the condition of properties in the Waiākea Peninsula area, specifically those leased by the state to private entities. We agree with the bill's premise that "the improvement of these properties is important to creating and maintaining the economic vitality of East Hawai'i," and that "the State has an enormous influence on the vision, economic development, and overall success of the East Hawai'i community."

To that end, we believe that the Hilo Community Economic Development District as proposed in HB1472 HD2 would provide an excellent opportunity to revitalize the economy of East Hawai'i. Our members on Hawai'i Island urge you to move this proposal forward.

Thank you for the opportunity to provide this testimony.

Mahalo,



Tyler Dos Santos-Tam  
Executive Director  
Hawai'i Construction Alliance  
execdir@hawaiiconstructionalliance.org



HB1479 HD2

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

Aloha Chair Luke,

I am Garth Yamanaka, Committee chair for Government affairs for the Kanoelehua Industrial Area Association (KIAA). Established in 1968, KIAA is an active business association that is comprised of both small and large businesses and organizations within specific Hilo and Keaaau 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 HB 1479 HD2 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 HB 1479 HD2 and Mahalo for this opportunity to provide testimony.

Mahalo,

Garth Yamanaka  
Committee Chair for Government Affairs  
KIAA

February 21, 2017

## COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Ty J.K. Cullen, Vice Chair

### Testimony in Support of HB1479, HD2

Aloha Chair Luke,

Hawaii Planing Mill, Ltd. dba HPM Building Supply will be celebrating its 96<sup>th</sup> 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 HB1479. 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 HB1479, 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:** Monday, February 20, 2017 1:02 PM  
**To:** FINTestimony  
**Cc:** cnrs@interpac.net  
**Subject:** Submitted testimony for HB1479 on Feb 22, 2017 14:00PM

**HB1479**

Submitted on: 2/20/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
brian nakano	Chika Nakano Repair Shop	Support	No

Comments: please support this bill

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 21, 2017 10:54 AM  
**To:** FINTestimony  
**Cc:** tony@rmasalesco.com  
**Subject:** Submitted testimony for HB1479 on Feb 22, 2017 14:00PM

**HB1479**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Anthony B. Borge	RMA Sales	Support	No

Comments: We are a small locally owned company doing business on all islands since 1961. We are in strong support of H.B. 1479 HD 2, which proposes to establish the Hilo community economic district located in East Hawaii and places it under the jurisdiction of the Hawaii community development authority. This proposed bill would encourage investment by businesses and provide for economic growth for the enrichment of everyone. Thank you.

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18 Feb, 2017

TO: State of Hawaii – House Committee  
Rep Sylvia Luke, Chair  
Rep Ty Cullen, Vice Chair

Re: Testimony HB 1479 HD2

Good morning!

I am a distributor based in Hilo incorporated and named Central Supply, and I write in Support of HB 1479 HD2. Established in 1979 and operating in the Kanoelehua Industrial Area as a lessee on public land since 1989, we struggled with some success to organize ourselves within our own KIAA community. While we continue to get organized and extend our land leases to 65yrs, with HB 575 also helping, we seek stability and purpose so that we may continue to invest in public lands for the remainder of our general leases.

Central Supply has been successful in the past 38yrs and will need to evolve and grow. We hope that the DLNR and BLNR, will also emerge to evolve and grow with us to set the base for generations to come. We think about the next lease and how to invest wisely in the current arrangement of public lands. Our buildings and infrastructure are very old after 55yrs. Our vision and missions need to meet our goals so HB 1479 will help us tremendously. Please also work on HB 575.

Thank You for the budget on HB 1479 HD2. Please support this bill!

Mahalo,

Vince M. Kimura  
President – Central Supply Inc.  
31 Makaala St, Hilo HI 96720  
Ph: 808-938-7742  
Email: vinniek@csinchawaii.com

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 21, 2017 2:07 PM  
**To:** FINTestimony  
**Cc:** toomey@mkir.com  
**Subject:** \*Submitted testimony for HB1479 on Feb 22, 2017 14:00PM\*

**HB1479**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Douglas Toomey	Mauna Kea Infrared, LLC	Support	No

Comments:

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February 20, 2017

House Committee on Finance  
Honorable Chair Sylvia Luke  
Honorable Vice Chair Ty Cullen  
State Capitol  
Honolulu, Hawaii 96813

**Re: HB 1479 HD2, Testimony in STRONG SUPPORT**

Dear Chair Luke Vice Chair Cullen and Committee Members,

My name is David S. De Luz, Jr. and along with my family, we have been in business on the Big Island and in Hilo for over 60+ years.

The reason I **STRONGLY** support HB 1479 HD2 is that it supports establishing a Hilo Community Economic District under existing HRD206E and could be the opportunity for an economic revitalization for East Hawaii. In addition, if this bill is accompanied by the statutory reform of HRS171, allowing for a more current approach to the public policy of public lands, then we may be able to start to increase the vitality and economic sustainability of these public lands. In this regard I ask your consideration to please schedule and support HB 575.

While the Banyan Drive Redevelopment Agency established by the County of Hawaii under HRS53 is a significant step in the right direction to properly manage the Banyan Drive, is an enormous task for the County to take on this project in an efficient manner. The more proficient way is to have HCDA, who has the expertise and administrative experience, shepherd this project.

The other key part this bill is that it envisions a much larger scope in the planning and development of all the economic lands in urban Hilo that were affected by or developed as a consequence of the May 23, 1960 Tsunami.

I appreciate and thank you for this opportunity to present my **VERY STRONG** support for HB 1479 HD2 and would appreciate your consideration in the support of this bill to so that we have the ability to revitalize the economic wellbeing and grow the future of our Hilo community.

Sincerely,

A handwritten signature in black ink, appearing to read "David S. De Luz, Jr." with a stylized flourish at the end.

David S. De Luz, Jr.  
Vice President of Special Projects

**HILO**

**NEW VEHICLE SALES** (808) 935-2920  
**PARTS CENTER** (808) 969-1651  
**SERVICE CENTER** (808) 969-3112  
Fax (808) 974-2271 Fax (808) 974-2269 Fax (808) 974-2269  
811 Kanoelehua Ave. Hilo, Hawaii 96720

**PRE-OWNED VEHICLE SALES**  
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Fax (808) 961-2489

165 Wiwoole St. Hilo, Hawaii 96720

**KONA**

**NEW VEHICLE SALES** (808) 329-8517  
**PARTS CENTER** (808) 329-7724  
**SERVICE CENTER** (808) 329-4520  
Fax (808) 327-9357 Fax (808) 329-9610 Fax (808) 329-9610  
74-5504 Kaiwi Street Kailua Kona, HI 96740



**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 21, 2017 9:52 AM  
**To:** FINTestimony  
**Cc:** micahalameda@gmail.com  
**Subject:** \*Submitted testimony for HB1479 on Feb 22, 2017 14:00PM\*

**HB1479**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Micah Alameda	Individual	Support	No

Comments:

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Honorable Representatives:

My name is Michael Shewmaker, My wife, Keiko and I own one of the most successful businesses in Downtown Hilo as well as two leasehold properties in the Hilo Industrial Area. Our nearly forty years of doing business in Hilo have given us a deep love and concern for our community.

We would most appreciate your support for HB1479 HD2 Relating to the Hilo Economic Development District. This will allow those in our community to determine the destiny of our community. We have been held in limbo for too many years because nearly all of our commercial, industrial and resort zoned lands are leasehold properties held by the State of Hawaii and Hawaiian Homes.

As strange as it may seem Hilo suffers every day from the Tsunami of 1960. That dreadful wave cut through the heart of the city and stripped us of our vital, fee simple commercial and industrial lands. In order to insure survival of the city these lands were replaced by State owned leasehold parcels in the Waiakea area. This permanently removed the ability of the small business owner to build equity in their property; one of primary ways the small guy has always depended on to get ahead. Now there are just a few years remaining on these leases, the buildings are in disrepair and no viable way to refurbish the community is available to us. Without leasehold reform Hilo and more specifically the Hilo Industrial Area and the Banyan Drive area will remain stagnant.

Thank you for your consideration.

Sincerely,

Michael Shewmaker

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 21, 2017 12:05 AM  
**To:** FINTestimony  
**Cc:** doug@shipmanlawhilo.com  
**Subject:** Submitted testimony for HB1479 on Feb 22, 2017 14:00PM

**HB1479**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Douglass Adams	Individual	Support	No

Comments: Dear Chair Luke, I fully support HB 1479 and encourage the Committee on Finance to approve the bill and forward it to the full House. This bill will help revitalize the business environment in Hilo, leading to more jobs and opportunities for the residents of East Hawaii. This has the potential of changing a downward spiral of economic malaise into an upward push towards economic and social vibrancy. Mahalo. respectfully, Doug Adams Hilo

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 20, 2017 8:13 AM  
**To:** FINTestimony  
**Cc:** greggorilagan@gmail.com  
**Subject:** \*Submitted testimony for HB1479 on Feb 22, 2017 14:00PM\*

**HB1479**

Submitted on: 2/20/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Greggor Ilagan	Individual	Support	No

Comments:

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# McCully Works, Inc.

40 Kamehameha Ave.

Hilo, Hi. 96720 808-933-7000

[www.mccullyworks.com](http://www.mccullyworks.com)

HB 1479 HD2: Testimony in SUPPORT

House Committee, Finance

Chair, Rep. Sylvia Luke

Vice Chair, Rep. Ty Cullen

I am a small businessman in Hilo and one of my businesses is Hilo Warehouse Services. We provide management services for 18 businesses employing more than 100 employees. We have watched Hilo fall behind the rest of the state over the past 30 years as our hospitality sector and industrial area became economically obsolescent. The failure to reform statutory controls on public lands lies at the heart of this matter.

Establishing a Hilo Community Economic District under existing HRS206E could be a game changer for East Hawaii. If this bill is accompanied by statutory reform of HRS171, allowing for a modern approach to public policy of public lands, then we may be able to start playing “catch up”. In this regard please schedule and support HB575.

While the Banyan Drive Redevelopment Agency established by the County of Hawaii under HRS53 is a significant step in the right direction to properly manage Banyan Drive it is a very large task for the Count to take on in an efficient way. The County budget capacity, existing agency support, as well as administrative experience, could perhaps be enhanced through HCDA involvement. The amendments offered as the HB1479 HD2 version are an important refinement and deserve our complete support.

In addition this bill envisions a much larger area for planning and redevelopment, in essence all the economic lands in urban Hilo that were affected by or developed as a consequence of the Tsunami of May 23, 1960. In particular the public lands in the KIAA that are in the latter stages of their leases have failed to meet the communities needs.

These “wasting assets”, be they hotels or warehouses, are to the detriment of the business owners, their customers, the general welfare of our community, and finally the state of Hawaii at large. Public lands that are not used on an optimal basis are an obvious waste of our resources and statutory language that can correct these deficiencies is sorely needed.

We can do better! Please support HB1479 HD2.

Mahalo,

James McCully

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, February 18, 2017 10:38 AM  
**To:** FINTestimony  
**Cc:** kteger@hawaii.rr.com  
**Subject:** \*Submitted testimony for HB1479 on Feb 22, 2017 14:00PM\*

**HB1479**

Submitted on: 2/18/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Katharine T. Cannon-Eger	Individual	Support	No

Comments:

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 21, 2017 10:54 AM  
**To:** FINTestimony  
**Cc:** ivan.nakano@ikitagawa.com  
**Subject:** \*Submitted testimony for HB1479 on Feb 22, 2017 14:00PM\*

**HB1479**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ivan I. Nakano	Individual	Support	No

Comments:

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 21, 2017 11:28 AM  
**To:** FINTestimony  
**Cc:** cvancamp3@hawaii.rr.com  
**Subject:** \*Submitted testimony for HB1479 on Feb 22, 2017 14:00PM\*

**HB1479**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Carol A. VanCamp	Individual	Support	No

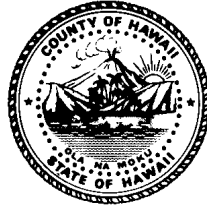
Comments:

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*Aaron S. Y. Chung*  
Council Member  
District 2 South Hilo



Phone No.: (808) 961-8272  
Fax No.: (808) 961-8912  
aaron.chung@hawaiicounty.gov

## ***HAWAI'I COUNTY COUNCIL***

*County of Hawai'i*  
Hawai'i County Building  
25 Aupuni Street  
Hilo, Hawai'i 96720

### **TESTIMONY OF AARON CHUNG HAWAI'I COUNTY COUNCIL MEMBER**

**COMMITTEE ON FINANCE  
HEARING DATE: WEDNESDAY FEBRUARY 22, 2017**

#### **IN SUPPORT OF HB1479 HD2, RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT**

Chair Luke and Committee Members,

Thank you for allowing me the opportunity to voice my support for HB1479 HD2 which proposes the creation of the Hilo Community Economic District. This is one of four Senate Bills which, along with their companion House Bills, will be considered by the legislature this session. I support them all and leave it to you and our Big Island delegation to sort through the merits of each. It is more important to keep in mind that all of these bills share a common and fundamental recognition, which is that the statutory framework governing the management of State lands, though well-intentioned, is stifling our potential for economic growth. I cannot recall ever getting excited over legislation, at any level of government, but these bills excite me for the simple reason that it will give Hilo town and its people the tools to enable us pull ourselves out of a forty-year old economic funk. In other words, it gives us hope.

Hilo was once one of the more vibrant towns in the State. Or so I've been told. In 1976, when I was a senior in high school, Hilo was already on a downward trajectory from its heyday due to a variety of reasons, not the least of which were the improvements to the Kona airport which made flying into Hilo unnecessary to those tourists seeking the more stylized Hawaiian vacation. Still, we have other resources to offer that can make for a unique visitor experience, but we will not be able fulfill that marketing potential without a decent inventory of hotel rooms and a solid and attractive commercial center in support thereof. Unfortunately, the current land management system thwarts the ability of our hotels and businesses to make important improvements to their aging infrastructure. It also provides no incentive for new hotels or businesses to make investments in our community. And of course without all of those things, we can have no reasonable expectation of getting more flights from the mainland or Asia. Please give us that chance.

Your support of HB1479 HD2 and other bills aimed at revitalizing our Hilo town will be greatly appreciated. Thank you for considering my thoughts on this matter.

**LATE**

1065 Ahua Street  
Honolulu, HI 96819  
Phone: 808-833-1681 FAX: 839-4167  
Email: [info@gcahawaii.org](mailto:info@gcahawaii.org)  
Website: [www.gcahawaii.org](http://www.gcahawaii.org)



Uploaded via Capitol Website

February 22, 2017

TO: HONORABLE SYLVIA LUKE, CHAIR, HONORABLE TY CULLEN, VICE CHAIR, COMMITTEE ON FINANCE

SUBJECT: **SUPPORT OF H.B. 1479, HD1, RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT.** Establishes the Hilo Community Economic Development District located in East Hawaii under the Hawaii Community Development Authority. Establishes the Hilo Community Economic Revolving Fund for all revenue, income, and receipts of the district, except a portion transferred to the Special Land and Development Fund. Appropriates funds. (HB1479 HD2)

HEARING

DATE: February 22, 2017  
TIME: 2:00 p.m.  
PLACE: Capitol Room 309

Dear Chair Luke, Vice Chair Cullen and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of over five hundred general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. GCA's mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

GCA **supports** H.B. 1479, HD1, Relating to the Hilo Community Economic District that would establish a Hilo Community Economic District under the Hawaii Community Development Authority to facilitate improvement in East Hawaii. The bill would establish a revolving fund that would generate revenues through income of the authority, from government or private sectors including grants, gifts and landowner assessments. The bill also transfers an unspecified percentage of the revolving fund moneys to the Special Land and Development Fund.

This measure recognizes that a number of public land lessees face uncertain futures on the Big Island due to the timing of the expiration of their leases. It is apparent that these lessees have little incentive to make major investments in infrastructural improvements or to ensure the long-term maintenance of facilities on the land. In order to ensure that the infrastructure and facilities on public lands in East Hawaii have do not further deteriorate this bill would encourage current and future leasees to invest in their leased lands and continue to occupy such.

Thank you for the opportunity to share our comments on this measure.



HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY



KAKA'AKO  
KALAELOA

David Y. Ige  
Governor

John Whalen  
Chairperson

Jesse K. Souki  
Executive Director

547 Queen Street  
Honolulu, Hawaii  
96813

Telephone  
(808) 594-0300

Facsimile  
(808) 594-0299

E-Mail  
contact@hcdaweb.org

Web site  
www.hcdaweb.org

**LATE**

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

BEFORE THE  
HOUSE COMMITTEE ON FINANCE

ON

Wednesday, February 22, 2017  
2:00 P.M.  
State Capitol, Conference Room 308

in consideration of  
**HB 1479, HD2 – RELATING TO THE HILO COMMUNITY ECONOMIC  
DISTRICT**

Chairs Luke, Vice Chair Cullen and members of the committee.

The Hawaii Community Development Authority (HCDA) offers the following **comments** on HB 1479, HD2.

While the HCDA board has not taken a position on this specific proposal, it has taken a position that any expansion of the current development districts include funding and other resources to allow us 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 with initial start-up costs of \$50,000.

We also recommend that if the legislature creates a new community development district under Hawaii Revised Statutes (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.

While we appreciate the intent of proposed HRS § 206E-E, the added language is redundant as all agencies, including HCDA, must abide by Act 178, Session Laws of Hawaii 2006. In addition, the proposed language is internally inconsistent with HRS Chapter 206E, which may create ambiguity in the law. Consequently, one might interpret the added language to mean all transactions would be subject to the pro rata share requirement of Act 178. This could render projects in the Hilo Community Economic District infeasible.

Thank you for the opportunity to provide comments on HB 1479, HD2.

PRESIDENT  
EVAN FUJIMOTO  
GRAHAM BUILDERS, INC.

PRESIDENT-ELECT  
DEAN UCHIDA  
SSFM INTERNATIONAL, INC.

VICE PRESIDENT  
MARSHALL HICKOX  
HOMEWORKS CONSTRUCTION, INC.

SECRETARY  
DWIGHT MITSUNAGA  
DM PACIFIC, INC.

TREASURER  
MICHAEL WATANABE  
JW, INC.

SPECIAL APPOINTEE-BUILDER  
CURT KIRIU  
CK INDEPENDENT LIVING BUILDERS

SPECIAL APPOINTEE-BUILDER  
MARK KENNEDY  
HASEKO CONSTRUCTION MANAGEMENT  
GROUP, INC.

SPECIAL APPOINTEE-ASSOCIATE  
PETER ELDRIDGE  
RAYNOR OVERHEAD DOORS & GATES

IMMEDIATE PAST PRESIDENT  
CRAIG WASHOFSKY  
SERVCO HOME & APPLIANCE  
DISTRIBUTION

CHIEF EXECUTIVE OFFICER  
GLADYS MARRONE  
BIA-HAWAII

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**LATE**

**Testimony to the House Committee on Finance**  
**Thursday, February 23, 2017**  
**2:00 pm**  
**State Capitol - Conference Room 308**

**RE: HB 1479 HD2 – Relating to Hilo Community Economic District**

Chair Luke, Vice-Chair Cullen, and members of the Committee:

My name is Gladys Quinto Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-HAWAII is in strong support of H.B. 1479 HD 2, which proposes to establish the Hilo community economic district located in East Hawaii and places it under the jurisdiction of the Hawaii community development authority. It also establishes the Hilo community economic revolving fund, and requires all revenue, income, and receipts of HCDA for the district to be deposited in the Hilo community economic revolving fund. The bill will also require a designated per cent to be transferred to the special land and development fund under the department of land and natural resources.

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 H.B. 1479 HD 2.

Thank you for the opportunity to share our views on this important matter.

FIN-Jo

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**HB1479**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Caleb Yamanaka	Individual	Support	No

Comments: I support this bill and the creation of a Hilo Economic District.

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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**HB1479**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Randy Cabral	Hawaii Farm Bureau	Support	No

Comments:

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**HB1479**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dwight Takamine	ILWU Local 142	Support	No

Comments:

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