

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
WATER & LAND**

**Friday, February 9, 2018
10:00 A.M.
State Capitol, Conference Room 325**

**In consideration of
HOUSE BILL 2592
RELATING TO WATER**

House Bill 2592 proposes to establish a working group within the Department of the Attorney General to assess the viability and constitutionality of using tax increment financing on the county level as a means of incentivizing water-related infrastructure projects. **The Department of Land and Natural Resources (Department) acknowledges the intent of this bill and offers the following comment.**

If this measure is enacted, the Department would participate in the working group to collaborate and provide resources or information within its program areas.

Thank you for the opportunity to comment on this measure.

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

ROBERT K. MASUDA
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

DAVID Y. IGE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF HEALTH
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VIRGINIA PRESSLER, M.D.
DIRECTOR OF HEALTH

WRITTEN
TESTIMONY ONLY

**Testimony COMMENTING on HB 2592
RELATING TO WATER**

REPRESENTATIVE RYAN I. YAMANE, CHAIR
HOUSE COMMITTEE ON WATER & LAND

Hearing Date: February 9, 2018
Time: 10:00 am

Room Number: 325

- 1 **Fiscal Implications:** None.
- 2 **Department Testimony:** The department of health acknowledges the intent of this bill and will
- 3 participate in the working group.
- 4 **Offered Amendments:** No amendments offered.
- 5 Thank you for the opportunity to testify.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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KATHY K. SOKUGAWA
ACTING DIRECTOR

TIMOTHY F. T. HIU
DEPUTY DIRECTOR

EUGENE H. TAKAHASHI
DEPUTY DIRECTOR

February 9, 2018

The Honorable Ryan I. Yamane, Chair
and Members of the Committee on Water
and Land
Hawaii House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Yamane and Committee Members:

Subject: House Bill No. 2592
Relating to Tax Increment Financing

The Department of Planning and Permitting (DPP) **supports** House Bill No. 2592, which would establish a working group to assess the use of tax increment financing (TIF) at the county level for water-related infrastructure projects.

We have been a long supporter of TIF for a broad range of infrastructure upgrades, particularly for transit-oriented developments (TOD). We appreciate the interest reflected in this Bill to actually use this important financing tool by clearing legal hurdles. We ask that you broaden the scope of the study to **include all types of capital improvements**. As we encourage infill development, many of our infrastructure systems need significant repair work, not just water delivery systems. If we could use TIF in unison, this would greatly expedite our ability to support anticipated and needed housing and economic development projects.

Accordingly, we ask that you broaden the study scope reflected in House Bill No. 2037. Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kathy K. Sokugawa".

Kathy K. Sokugawa
Acting Director

DAVID Y.IGE
Governor

DOUGLAS CHIN
Acting Lieutenant Governor

LUIS P. SALAVERIA
Director

MARY ALICE EVANS
Deputy Director



LAND USE COMMISSION
Department of Business, Economic Development & Tourism
State of Hawai'i

DANIEL ORODENKER
Executive Officer

Bert K. Saruwatari
Planner
SCOTT A.K. DERRICKSON AICP
Planner

RILEY K. HAKODA
Chief Clerk/Planner

FRED A. TALON
Drafting Technician

Statement of
Daniel E. Orodenker
Executive Officer
Land Use Commission
Before the
House Committee on Water and Land
Friday February 9, 2018
10:00 AM
State Capitol, Conference Room 325

In consideration of
HB 2592
RELATING TO WATER

Chair Yamane, Vice Chair Todd, and members of the Committee on Water and Land:

The Land Use Commission (LUC) supports the intent of the measure but not the inclusion of the chair of the LUC on the advisory committee. The measure would create a working group within the Department of the Attorney General to look at tax increment financing by the counties for incentivizing water infrastructure development.

The measure would require an individual who is already volunteering time as a LUC commissioner to spend more volunteer time on an additional advisory group for which they may or may not have any subject matter expertise, knowledge, or information. The additional workload on top of the considerable time required with the LUC may result in fewer members of the public applying for vacant LUC positions.

If this measure moves forward we would respectfully ask that the language be amended to allow for "the chair of the Land Use Commission or their designee" to serve on the proposed Attorney General's working group.

Thank you for the opportunity to testify on this matter.



Email: communications@ulupono.com

HOUSE COMMITTEE ON WATER & LAND
Friday, February 9, 2018 — 10:00 a.m. — Room 325

Ulupono Initiative Strongly Supports HB 2592, Relating to Water

Dear Chair Yamane, Vice Chair Todd, and Members of the Committee:

My name is Kyle Datta and I am General Partner of Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable, clean, renewable energy; and better management of waste and fresh water. Ulupono believes that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

Ulupono strongly supports HB 2592, which establishes a working group with the Department of the Attorney General to assess the viability and constitutionality of using tax increment financing on the county level as a means of funding water-related infrastructure projects, because it aligns with our goal of preserving Hawai'i's water resources.

The counties have many infrastructure needs, in particular for water-related projects. Yet, they often find themselves without adequate funding to develop the project, which leads to an ever-growing backlog of unmet infrastructure needs. Tax increment financing can provide an as-yet untapped source of funding to build such projects. Furthermore, tax increment financing allows counties to leverage its future funding streams into getting an immediate pool of funds. Over time, as property values and tax revenues increase due to the new infrastructure, the water project financing is paid off.

As Hawai'i's water issues become more complex and challenging, we appreciate this committee's efforts to look at policies that protect our water resources.

Thank you for this opportunity to testify.

Respectfully,

Kyle Datta
General Partner

Investing in a Sustainable Hawai'i

HB-2592

Submitted on: 2/8/2018 10:00:15 AM

Testimony for WAL on 2/9/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities	Support	No

Comments:

LATE

HB-2592

Submitted on: 2/8/2018 7:04:17 PM

Testimony for WAL on 2/9/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dylan Armstrong		Support	No

Comments:



SIERRA CLUB OF HAWAI'I
MĀLAMA I KA HONUA. *Cherish the Earth.*

HOUSE COMMITTEE ON WATER AND LAND

Friday, February 9, 2018 10AM Conference Room 325

In SUPPORT of HB 2592 Relating to Water

LATE

Aloha Chairman Yamane, Vice Chair Todd, and members of the Water and Land Committee,

On behalf of our 20,000 members and supporters, the Sierra Club of Hawai'i, a member of the Common Good Coalition, **supports the intent of HB 2592**, establishing a working group to assess the viability of tax increment financing as a method for funding major infrastructure improvement projects.

Tax increment financing is a form of debt financing based on anticipated tax revenues from a specific geographic area.¹ The concept was first used in 1952 in California as a method for generating local funds necessary to meet federal grant matching requirements. It is used in other jurisdictions to re-develop districts, often for commercial activity.

In Hawai'i, our need is infrastructure investment. Across the islands, our systems for managing wastewater are substandard and regularly fail. As result, drinking water resources are beginning to show signs of contamination. Our freshwater delivery systems are also in need of significant improvements to address the challenges of reduced rainfall and salt-water inundation, as well as aging pipes and equipment.

This bill takes an important step forward in understanding the options available to state and county agencies to fund investment in our infrastructure to ensure our drinking water is delivered efficiently and our wastewater is managed properly.

Mahalo for the opportunity to testify on this important issue.

¹ <http://www.lincolnst.edu/publications/articles/tax-increment-financing>