

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**

**Wednesday, March 22, 2017  
10:00 A.M.  
State Capitol, Conference Room 325**

**In consideration of  
SENATE BILL 1292, SENATE DRAFT 2, HOUSE DRAFT 1  
RELATING TO HILO COMMUNITY ECONOMIC DISTRICT**

Senate Bill 1292, Senate Draft 2, House Draft 1 proposes to: (1) provide for the redevelopment of the Hilo area by establishing the framework, requirements, and conditions for redevelopment districts and specifically designating the Waiakea Peninsula Redevelopment District; (2) appropriate funds for the implementation of the redevelopment district program; and (3) make conforming amendments to lease restrictions on public lands to facilitate the implementation of redevelopment districts. In essence, the House Draft 1 of this measure deletes the contents of Senate Draft 1, and inserts in its place, the substantive provisions of three other bills before the Legislature this session: House Bill 1469, House Draft 1; House Bill 1310, House Draft 1; and House Bill 575. **The Department of Land and Natural Resources (Department) has testified separately on each of the aforementioned measures and incorporates the Department's comments on them as its comments on this bill.**

**PART I**

PART I of Senate Bill 1292, Senate Draft 2, House Draft 1 proposes to establish procedures for designating public land redevelopment districts, planning committees, district redevelopment plans, and designated redevelopment district revolving funds. Part I of 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), and to create a Waiakea Peninsula Redevelopment District encompassing the Waiakea Peninsula in Hilo.

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

**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

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 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.<sup>1</sup>

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<sup>1</sup> 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.

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), 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 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.

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,<sup>2</sup> 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 as proposed in Part II of this measure 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:

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<sup>2</sup> 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/kanoelehua-and-banyan-drive-studies/>

**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.

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 Kanoelehua 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, PART I of this measure 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 Kanoelehua 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.

Accordingly, the Department recommends an amendment to the provision of Part I relating to the funding for the redevelopment districts. The Department suggests that section 171-G(a), HRS, be amended to read as follows:

§171-G Designated redevelopment district revolving fund. (a) A separate revolving fund shall be established for each redevelopment district designated pursuant to section 171-C, into which shall be deposited:

(1) ~~[Fifty per cent of the revenues, income, and receipts of the department from the public lands in the designated district, notwithstanding section 171-19;~~

~~-(2)]~~ Moneys appropriated by the legislature to the revolving fund; and

(2[~~3~~]) Any gifts, grants, and other funds accepted by the department.

Each revolving fund shall bear the name used by the legislature in designating the redevelopment district.

***The authority to construct, improve, renovate and revitalize areas within the counties is already authorized under Section 46-80.5 and Chapter 53, HRS.***

Part I of 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.

## PART II

As noted above, Act 219 Session Laws of Hawaii (2011) allowed for the extension of hotel and resort leases under certain circumstances. By its own terms, Act 219 expired in December 2015. PART II of the bill seeks to authorize the Board to extend commercial, hotel, resort and industrial leases when the lessee makes qualifying substantial improvements to the leased land. Also as explained above, the Department is currently taking a neutral position on lease extension bills.

The Department does note an ambiguity in PART II the measure regarding the value of improvements required by a lessee to qualify for a lease extension. At pages 19-20, lines 20-6, PART II of the measure defines "substantial improvements" to mean "any renovation, rehabilitation, reconstruction, or construction of the demised premises, including minimum requirements for off-site improvements, the cost of which equals or exceeds fifty per cent of the market value of the demised premises . . . ." As used in the definition, "demised premises" could mean land and improvements. In contrast, Act 219 specified that the lessee's investment had to equal or exceed fifty per cent of the market value of the existing improvements on the property (excluding land value).

Thank you for the opportunity to comment on this measure.



HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY



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

BEFORE THE

HOUSE COMMITTEE ON WATER AND LAND

ON

Wednesday, March 22, 2017

10:00 A.M.

State Capitol, Conference Room 325

in consideration of

**SB1292, SD2 HD1 – RELATING TO THE HILO COMMUNITY  
ECONOMIC DISTRICT**

David Y. Ige  
Governor

Chair Yamane, Vice Chair Kong, and members of the committee.

John Whalen  
Chairperson

The Hawaii Community Development Authority (HCDA) offers the following **comments** on SB1292, SD2 HD1.

Jesse K. Souki  
Executive Director

We note this bill has had its content deleted and replaced with the provisions of HB 575; HB 1310, HD1; and HB 1469 for further discussion and decision making.

As the contents of SB 1292, SD2 are also still under consideration for future discussion, we would like to offer comments germane any draft that adds a development district under HCDA in Hilo.

HCDA staff estimates it would require 4.5 FTE at \$520,000/year along with yearly operating costs of \$430,000/year for each additional development district. In addition, operation of a satellite office in the Hilo area would cost approximately \$100,000/year plus initial start-up costs of \$50,000.

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

Thank you for the opportunity to provide comments on SB 1292, SD2 HD1.

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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  
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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 WATER AND LAND  
ON  
SENATE BILL NO. 1292, S.D. 2, H.D. 1

**March 22, 2017**  
**10:00 a.m.**  
**Room 325**

RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT

Senate Bill No. 1292, S.D. 2, 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 creates the Waiakea Peninsula Redevelopment District on the island of Hawaii as part of this revitalization effort. The bill authorizes establishment of a revolving fund for each redevelopment district, including the Waiakea Peninsula Redevelopment District Revolving Fund 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. Senate Bill No. 1292, S.D. 2, H.D. 1, appropriates an unspecified sum of general funds for FY 18 and FY 19 for this effort. The bill also authorizes the Board of Land and Natural Resources to extend commercial leases for the lessees' substantial improvement to the leased premise.

The Department of Budget and Finance, as a matter of general policy, does not support the creation of any revolving fund which does not meet the requirements of

Section 37-52.4 of the HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to Senate Bill No. 1292, S.D. 2, 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, including the Waiakea Peninsula Redevelopment District Revolving Fund.

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.





**SB1292 SD2 HD1**  
**RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT**  
House Committee on Water and Land

March 22, 2017

10:00 a.m.

Room 325

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on SB1292 SD2 HD1, which would establish the Hilo community economic district under the jurisdiction of the Hawai'i Community Development Authority (HCDA), and require all revenue, income, and receipts from the district to be deposited into various funds.

**OHA has identified lands within the proposed Hilo community economic district as public land trust lands from which OHA derives its constitutionally-mandated pro-rata portion of public land trust revenue.** SB1292 SD2 HD1 provides that "all revenue, income, and receipts of the authority for the district shall be deposited into the Hilo community economic revolving fund," with a percentage allocated to the special land and development fund. OHA is concerned that the bill's aforementioned language may impact OHA revenue and ultimately our statutory obligation to OHA beneficiaries. OHA recommends that SB1292 SD2 HD1 should clarify that, to the extent that lands of the contemplated Hilo community economic district may be public land trust lands, the HCDA must comply with OHA's right to the constitutionally-mandated pro-rata portion of public land trust revenues. OHA offers the following language to address this issue:

"Notwithstanding any provision of this chapter to the contrary, the initiative shall be subject to Act 178, Session Laws of Hawai'i 2006, or any other law that provides for the office of Hawaiian affairs' pro rata portion of the public land trust, pursuant to article XII, section 6 of the state constitution, and section 10-3."

**OHA would like to acknowledge that the House companion to this measure, HB1479 HD2, adopted OHA's recommended language thereby maintaining the fiduciary obligations of the State with respect to the public land trust.**

Mahalo for the opportunity to testify on this measure.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
House Committee on Water and Land  
March 22, 2017 at 10:00 a.m.

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

SB 1292 SD2 HD1 – RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT

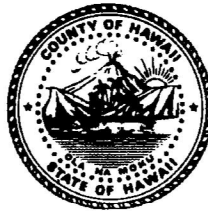
Chair Yamane, Vice Chair Kong, and Members of the Committee:

Both the University of Hawai'i at Hilo and the University of Hawai'i Community College System are in support of the intent of SB 1292 SD2 HD1 to establish the Hilo community economic district located in East Hawai'i.

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

Thank you for the opportunity to testify on SB 1292 SD2 HD1. Aloha.

Harry Kim  
Mayor



Wil Okabe  
Managing Director

Barbara J. Kossow  
Deputy Managing Director

## County of Hawai'i

### Office of the Mayor

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March 20, 2017

Rep. Ryan I. Yamane, Chair  
Committee on Water & Land  
Hawaii State Capitol  
Honolulu, HI 96813

Dear Chair Yamane and Members:

**RE: SB 1291 SD 2 HD 1  
Relating to the Hilo Community Economic District**

On behalf of the Hilo community, I would like to thank the Legislature for its attempts to resolve the dilemma of State leases on commercial properties that are nearing the end of their lease term.

My Administration has been supporting the efforts of Big Island legislators to make special provisions for the economic district in Hilo, as in earlier drafts of SB1292 as well as HB 575, HB 1310, and HB 1479. I have wanted to reflect the community wishes, and have been very impressed with the way in which the community has worked together and rallied behind these proposals. I think it is very important that the collaborative efforts of state, county, and community leaders not be put at risk.

In order to give DNLN the most tools to make its leases work, maybe a hybrid version of the various bills can be developed, and that is what SB 1292, HD1 is attempting to do. The different concepts are not incompatible, and if such a bill were to continue on to conference, it would give the stakeholder's time to fully evaluate the options and collaborate on a final approach. Lessees might appreciate having two or three options, or reject one or more out of hand, but the hard work of building consensus would be rewarded rather than lost.

Having said that, I must offer a cautionary comment.

The series of bills addressing economic development on State lands in Hilo (H.B. No. 575; H.B. No. 1310, H.D. 1; H.B. No. 1469, H.D. 1; and now SB No. 1292, HD1) may all have merit, and therefore we appreciate the decision of the prior committees to keep the various solutions alive for further discussion. However, this issue is so important that we cannot risk losing this bill because of a technicality. We therefore want to point out that the title of SB 1292 is "A BILL FOR AN ACT RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT," while some of the language of SB1292, HD1 seems to be of statewide impact. If your attorneys do not think the language is too broad for the title, we certainly would defer to them, but we would ask that you take this into account, because we do not want to jeopardize ultimate passage of this bill.

With respect to the specific provisions of the bill, I would defer to our community partners, who are directly impacted, to express their preference. But if you decide to restore the language of SB 1292, SD2, I would offer the following comments from my prior testimony on SB1292, SD2, and I am also attaching the testimony of the Hawaii County Planning Department from the earlier hearing on this bill for your consideration.

1. Should this bill (SB1292, SD2) be enacted into law, the Hilo Community Economic District (HCED) will be the only redevelopment district outside of the City and County of Honolulu. For this reason, we ask that consideration be given to providing that the District have a voting majority of members from the Hilo community. Any cultural specialist, in particular, should be a cultural practitioner from the Hilo community.
2. Financial support from State general revenues should include opportunities for staffing and facility support, through reimbursements, as may be provided by the County of Hawai'i and the Banyan Drive Hawai'i Redevelopment Agency (BDHRA) in support of the Banyan Drive redevelopment project.
3. We cannot afford to jeopardize or divert the real property tax revenue that comes from the affected parcels and currently goes into the County general fund (we estimate that for the properties in SB 1292, tax revenue exceeds \$3M).

SB 1292, SD2 says that

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

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

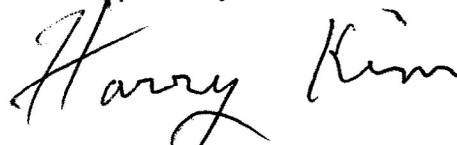
It also seems, theoretically at least, that the Authority could issue leases that provide for the lessee to be exempt from property taxes for the term of the lease.

We do not think that SB 1292, SD2 is intended to affect real property taxes, so ask for language that makes it crystal clear that real property taxes are not part of "revenues, income, and receipts...", that leases cannot affect property tax obligations, and that all property taxes will continue to flow to the County general fund.

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

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

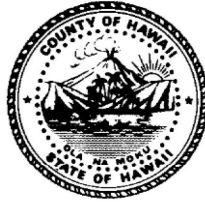
Respectfully submitted,

A handwritten signature in black ink that reads "Harry Kim". The signature is written in a cursive, flowing style.

Harry Kim  
Mayor



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 WAIAKEA 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”

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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.

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**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.

**waltestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, March 20, 2017 12:00 PM  
**To:** waltestimony  
**Cc:** sue.leeloy@hawaiicounty.gov  
**Subject:** \*Submitted testimony for SB1292 on Mar 22, 2017 10:00AM\*

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**SB1292**

Submitted on: 3/20/2017

Testimony for WAL on Mar 22, 2017 10:00AM in Conference Room 325

| <b>Submitted By</b>          | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|------------------------------|---------------------|---------------------------|---------------------------|
| Council Woman Sue Lee<br>Loy | Individual          | Support                   | No                        |

Comments:

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# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Water & Land  
Wednesday, March 22, 2017 at 10:00 A.M.  
Conference Room 325, State Capitol**

**RE: SENATE BILL 1292 SD2 HD1 RELATING TO THE HILO COMMUNITY  
ECONOMIC DISTRICT**

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 1292 SD1, which provides for the redevelopment of the Hilo area by establishing the framework, requirements, and conditions for redevelopment districts and specifically designating the Waiakea Peninsula Redevelopment District, appropriates funds for the implementation of the redevelopment district program, and makes conforming amendments to lease restrictions on public lands to facilitate the implementation of redevelopment districts.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

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

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

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



**waltestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, March 20, 2017 9:15 AM  
**To:** waltestimony  
**Cc:** ecabatu@hhsc.org  
**Subject:** Submitted testimony for SB1292 on Mar 22, 2017 10:00AM

**SB1292**

Submitted on: 3/20/2017

Testimony for WAL on Mar 22, 2017 10:00AM in Conference Room 325

| <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: Please accept support for SB 1292, SD2, HD1 on behalf of the East Hawaii Region of Hawaii Health Systems Corporation consisting of Hilo Medical Center, Hale Ho`ola Hamakua in Honoka`a, Ka`u Hospital and our 9 specialty clinics.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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## 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 Water & Land

Testimony by  
Hawaii Government Employees Association

March 20, 2017

S.B. 1292, S.D. 2, H.D. 1 - RELATING TO  
THE HILO COMMUNITY ECONOMIC DISTRICT

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 1292, S.D. 2, H.D. 1 which provides for the redevelopment of the Hilo area by establishing the framework, requirements, and conditions for redevelopment districts and makes conforming amendments to existing lease restrictions on public lands.

Since the State is the largest landowner in East Hawaii, it by default has a significantly influential role in the development and economic success of the East Hawaii community. As the law stands, there is no incentive for current lessees to invest in infrastructural improvements since the future of their leases remain unknown. The concepts provided in S.B. 1292, S.D. 2, H.D. 1 incorporate three previously heard measures into one bill and are positive steps in the right direction to revitalize the deteriorating urban core, increase workforce development opportunities for residents, and ensure a strong East Hawaii economy. There is much potential for growth and we are hopeful that this measure will be able to address the unique needs of the community.

Thank you for the opportunity to testify in strong support of passing S.B. 1292, S.D. 2, H.D. 1.

Respectfully submitted,

Randy Perreira  
Executive Director

# Hawai'i Construction Alliance

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

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March 20, 2017

The Honorable Ryan I. Yamane, Chair  
The Honorable Sam Satoru Kong, Vice Chair  
and members  
House Committee on Water and Land  
Hawai'i State Legislature  
Honolulu, Hawai'i 96813

**RE: Support for SB1292 SD2 HD1, Relating to the Hilo Community Economic District**

Dear Chair Yamane, Vice Chair Kong, 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.

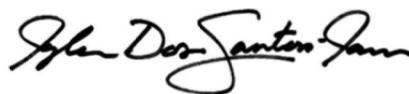
We **support SB1292 SD2 HD1**, which would provide for the redevelopment of the Hilo area by establishing the framework, requirements, and conditions for redevelopment districts and specifically designating the Waiākea Peninsula Redevelopment District, appropriate funds for the implementation of the redevelopment district program, and make conforming amendments to lease restrictions on public lands to facilitate the implementation of redevelopment districts.

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 original 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 framework proposed in SB1292 SD2 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

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**Testimony to the House Committee on Water & Land  
Wednesday, March 22, 2017  
10:00 a.m.  
Conference Room 325**

**RE: SB 1292 SD2 HD1– Relating to the Hilo Community Economic  
District**

Chair Yamane, Vice-Chair Kong, and members of the committees:

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 S.B. 1292, 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 Kanoiehua 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 S.B. 1292. Thank you for the opportunity to provide our comments on this matter.

March 21, 2017

COMMITTEE ON WATER & LAND  
Rep. Ryan I. Yamane, Chair  
Rep. Sam Satoru Kong, Vice Chair

## Testimony in Support of SB1292 SD2, HD1

Aloha Chair Yamane,

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 SB1292 SD2, HD1. In this latest version, the opportunity to establish and designate public land redevelopment districts, such as the Waiakea Peninsula Redevelopment District, brings forward an effective framework to revitalize our Hilo community. Also important to this bill is the establishment of procedures for designating planning committees, district redevelopment plans, and redevelopment district revolving fund appropriations. We also appreciate that SB1292 SD2, HD1 modifies public land lease restrictions, which will benefit the Kanoehua industrial area where our primary 5-acre Hilo customer center exists. This is important to us as this may allow HPM and other companies currently under lease with the DLNR to potentially renew our lease terms and make substantial improvements to our properties and facilities. Most importantly, we have confidence that the comprehensive nature of SB1292 SD2, HD1 and its mechanisms for funding 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



**LATE**

The Twenty-Ninth Legislature  
Regular Session of 2017

HOUSE OF REPRESENTATIVES  
Committee on Water and Land

Representative Ryan I. Yamane, Chair

Representative Sam Satoru Kong, Vice Chair

State Capitol, Conference Room 325

Wednesday, March 23, 2017; 10:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 1292 SD 2 HD 1  
RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT**

The ILWU Local 142 supports S.B. 1292 SD 2 HD 1, which provides for the redevelopment of the Hilo area by establishing the framework, requirements, and conditions for redevelopment districts and specifically designating the Waiakea Peninsula Redevelopment District, appropriates funds for the implementation program, and makes conforming amendments to lease restrictions on public lands to facilitate the implementation of redevelopment districts.

S.B. 1292 SD 2 HD 1 is an attempt to provide a process for strengthening the economic vitality of Hilo and the East Hawaii area. This bill recognizes the potential for increased growth, that can improve workforce and affordable housing, parks and open space, public facilities, and commercial, industrial, and hotel facilities.

This would establish a great planning opportunity for the Hilo area and the mechanism to achieve the goals of that plan. The ILWU supports the bill in its current form, as it provides for additional options and strengthens the measure.

The ILWU urges passage of S.B. 1292 SD 2 HD 1. Thank you for the opportunity to share our views and concerns on this matter.

SB 1292 SD 2 HD1

House Committee, WAL  
Chair Ryan Yamane  
Vice-Chair Sam Satoru Kong

Aloha Chair Yamane

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 Keauu boundaries. One of our goals is to advance the commercial and community interests of our member firms. Presently, we represent approximately 350 business members employing approximately 4,500 workers.

KIAA supports the purpose of this measure which is to establish the Hilo community economic district to facilitate efficient and effective improvement, and economic opportunity in the East Hawaii area. The current framework for leasing of public lands in the East Hawaii area has created an environment that is sub-par to market expectations. The passing of SB 1292 SD 2 HD1 will help to push policy in the right direction as local expertise has an opportunity to be a part of this redevelopment district which will help to start the process of revitalizing the East Hawaii economy.

We urge you to pass SB 1292 SD 2 HD1 and Mahalo for this opportunity to provide testimony.

Mahalo,

Garth Yamanaka  
Committee Chair for Government Affairs  
KIAA



**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**

**LATE**

HOUSE COMMITTEE ON WATER & LAND  
Rep. Ryan Yamane, Chair  
Rep. Sam Satoru Kong, Vice Chair

**NOTICE OF HEARING**

DATE: Wednesday, March 22, 2017  
TIME: 10:00 a.m.  
PLACE: State Capitol, Room 325

**TESTIMONY ON SENATE BILL NO. 1292 SD2 HD1, RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT.**

ALOHA COMMITTEE CHAIR RYAN YAMANE, VICE COMMITTEE CHAIR SAM SATORU KONG, 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 **SUPPORT** of Senate Bill No. 1292 SD2 HD1, 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** Senate Bill No. 1292 SD2 HD1.

## kong2 - Crystal

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**From:** mailinglist@capitol.hawaii.gov  
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**To:** waltestimony  
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### **SB1292**

Submitted on: 3/20/2017

Testimony for WAL on Mar 22, 2017 10:00AM in Conference Room 325

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

Comments: Strongly support this measure for Hilo's economic future.

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**LATE**

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**From:** mailinglist@capitol.hawaii.gov  
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**To:** waltestimony  
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**Subject:** Submitted testimony for SB1292 on Mar 22, 2017 10:00AM

**SB1292**

Submitted on: 3/22/2017

Testimony for WAL on Mar 22, 2017 10:00AM in Conference Room 325

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| James McCully       | Individual          | Support                   | No                        |

Comments: Aloha Chair Yamane I write in Strong Support for SB1292, SD2,HD1 The only way to have successful economic development in areas predominantly under leasehold tenure is through statutory reform. The conditions and terms of the lease are the primary issue, this can be proven by examining individual leases on Banyan Drive. When there was a change in the law the two large hotels redeveloped, first in 2000 and then in 2011. The cause of these problems must be corrected prior to any planning authority being able to accomplish its goals. The new sections added in the HD1 version are critical to its successful implementation. East Hawaii, as well as the state at large, would benefit greatly with the enactment of this bill. Mahalo for your support Jim McCully

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