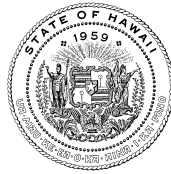


DAVID Y. IGE
GOVERNOR



LAUREL A. JOHNSTON
DIRECTOR

KEN N. KITAMURA
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 LAUREL A. JOHNSTON
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 3058, S.D. 1

**February 21, 2018
10:08 a.m.
Room 211**

LATE

RELATING TO PUBLIC LANDS

Senate Bill No. 3058, S.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 a nine-member planning committee for each redevelopment district to provide policy direction and prepare a redevelopment plan. The bill authorizes establishment of a revolving fund for each redevelopment district that would generate revenues through 50% of the income, revenues, and receipts from the public lands in the redevelopment district; legislative appropriations; and grants, gifts, and other funds. Senate Bill No. 3058, S.D. 1, also creates the Waiakea Peninsula Redevelopment District on the island of Hawai'i, the Waiakea Peninsula Planning Committee, and the Waiakea Peninsula Redevelopment District Revolving Fund.

While the Department of Budget and Finance takes no position on the establishment of redevelopment districts, 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, 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. 3058, S.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.

The department has concerns on the general fund revenue impact of the bill since half of the revenue, income, and receipts from public lands in each designated redevelopment district will be diverted away from the Special Land and Development Fund. Pursuant to Section 171-19, HRS, excess moneys in the Special Land and Development Fund lapse to the credit of the State general fund.

Thank you for your consideration of our comments.

Harry Kim
Mayor



Wil Okabe
Managing Director

Barbara J. Kossow
Deputy Managing Director

County of Hawai'i Office of the Mayor

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February 20, 2018

Senator Donovan M. Dela Cruz, Chair
Committee on Ways and Means
Hawai'i State Capitol, Room 211
Honolulu, HI 96813

LATE

Senator Gilbert S.C. Keith-Agaran, Vice-Chair
Committee on Ways and Means
Hawai'i State Capitol, Room 211
Honolulu, HI 96813

Dear Chair Dela Cruz, Vice-Chair Keith-Agaran and Committee Members:

**Re: SB 3058, SD 1 Relating to the Waiakea Peninsula in Hilo
Hearing Date: 02/21/18 – 10:08 am; Conference Room 211**

Thank you for this opportunity to testify in support of SB 3058, SD 1. SB 3058, SD 1 is not our first choice in resolving the issues surrounding the redevelopment of State land on the Waiakea Peninsula, but it certainly would be a step forward. Our preferred bill, SB 2972, SD 1, which you co-sponsored with Senator Kahele; it is in WAM and hopefully will be heard at a later date.

As to the situation on Waiakea Peninsula, Banyan Drive is underutilized and in disrepair. It is the center of tourism in East Hawai'i, but it is a jewel that is quite tarnished at the present time.

Hawai'i County has taken the first steps toward revitalizing the peninsula. The administration, Council, community, and Big Island legislators have found common purpose; the redevelopment area has been defined; the Banyan Drive Hawai'i Redevelopment Agency (BDHRA) is functioning, and a conceptual master plan has been created as a starting point. Now funds are needed to conduct the environmental impact statements necessary to complete the redevelopment plan and move forward.

The Hawai'i County budget is severely strapped, and I have already had to impose increases in our property, fuel, and vehicle weight taxes. Nevertheless, I can commit to you that I would include \$250,000 in the 2018-2019 County budget, in order to provide the matching funds called for in SB 2972, SD 1. We believe that it is just and proper to ask the State to share in the EIS expense, given that the redevelopment area

consists almost entirely of State land, but we recognize that the County must do its part as well, to the best of our financial ability.

Although we think that SB 2972 offers the best path forward and builds on work already done, we do not want to risk having this Legislature take no action at all. Therefore, we also support measures, such as SB 3058, SD 1 that would direct resources, both statutorily and financially, toward the redevelopment of Banyan Drive while providing some local perspective in decision-making.

We think SB 3058, SD 1 could be improved with the following amendments:

(1) Changing the makeup of the authority to include appointees by the Mayor (perhaps two by Mayor and two less by Governor),

(2) Providing that cultural/recreational expertise be included in the makeup of the authority,

(3) Providing that the new authority coordinate with BDHRA, which was established under HRS, Chapter 53. The work of the two organizations should be compatible and complimentary,

(4) Providing that all meetings of the authority be open to the public,

(5) Authorizing and requiring that the authority adopt rules,

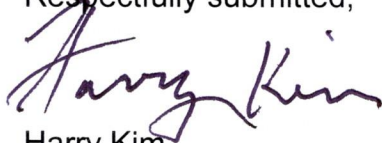
(6) Providing that the contested case process for SMA permits is not lost, and

(7) Providing that public hearings be held at least annually during the life of the authority,

In addition, we are still hoping that there can be some statutory reform to address expiring State leases. This is important if we are to create an economic environment that encourages investment by developers and business owners, and it could be addressed in this bill, or in a separate measure.

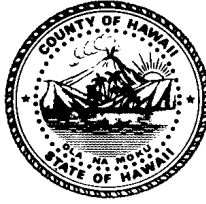
I hope you will act favorably on SB 3058, SD 1, and that both this bill and SB 2972 will be approved by the full Senate and get further consideration.

Respectfully submitted,

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

Harry Kim
Mayor, County of Hawai'i

From the office of -
Council Member
District 3



Office: (808) 961-8396
Fax: (808) 961-8912
Email: sue.leeloy@hawaiicounty.gov

SUSAN L.K. LEE LOY
25 Aupuni Street, Hilo, Hawai'i 96720



The Honorable Donovan M. Dela Cruz, Chair
And members of the Committee on Ways and Means

February 20, 2018

Dear Chair Dela Cruz and Committee Members,

I thank you for the opportunity to provide testimony supporting and commenting on SB 3058, as amended to SD1.

I am especially interested in supporting Part III of the bill, relating to the Waiākea Peninsula Redevelopment District. Your Committee by now is well-informed of the potential for growth in East Hawai'i through the redevelopment of the Banyan Drive parcels, which are in the district that I represent on the Hawai'i County Council.

As stated in Part III, Section 4 of this bill: "There has been little incentive for the lessees of the properties in the area to make major investments in improvements to their infrastructure, resulting in the deterioration of the area's infrastructure and facilities; and (t)he State has a responsibility to ensure that the Waiākea peninsula area does not deteriorate nor have a harmful impact on the economy of the community as a whole." I could not agree more.

The area designated as the "Waiākea Peninsula Redevelopment District" includes all public lands on the peninsula, including three County parks – Lili'uokalani Gardens, Mokuola Island, and Reeds Bay Beach Park. These areas are popular with visitors and residents alike, and provide scenic vistas (on sunny days) of Mauna Kea, Mauna Loa, Hilo Bay, and the city of Hilo. These parks should be distinguished from the state-owned lease properties under the control of the Department of Land and Natural Resources. The work of the County of Hawai'i's Banyan Drive Hawaii Redevelopment Agency should also be considered by the redevelopment district planning committee.

Again, I thank you for the opportunity to provide testimony in support of SB 3058, SD1, and I ask for your approval.

Aloha Piha,

A handwritten signature in black ink, appearing to read "Sue Lee Loy".

Sue Lee Loy
Council Member, District 3



808-733-7060

808-737-4977

1259 A'ala Street, Suite 300
Honolulu, HI 96817

February 21, 2018

The Honorable Donovan Dela Cruz, Chair
Senate Committee on Ways and Means
State Capitol, Room 211
Honolulu, Hawaii 96813

LATE

RE: Senate Bill 3058, SD1, Relating to Public Lands

HEARING: Wednesday, February 21, 2018, at 10:08 a.m.

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee,

I am Ken Hiraki, Director of Government Affairs, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its almost 9,500 members. HAR **supports** Senate Bill 3058, SD1, which establishes procedures for designating public land redevelopment districts, planning committees, district redevelopment plans, and designated redevelopment district revolving funds. Establishes powers and duties of planning committees. Appropriates funds. Establishes the Waiakea peninsula redevelopment district, planning committee, and revolving fund until June 30, 2028.

The State currently leases state land to many entities for commercial, industrial, hotel and resort purposes. Unfortunately, lessees have virtually no economic incentive to invest in the property over the last 10 to 15 years, knowing their lease will expire. In turn, with uncertainty of one's lease extension, it has led to public lands that are underused and deteriorating.

Many of the circumstances that faced the State of Hawai'i and the City & County of Honolulu when the future of Kaka'ako was at risk can be related to the issues of the Waiakea Peninsula (Banyan Drive) and Kanoelehua Industrial Area. Existing regulations and state policies do not address the needs of the Hilo businesses operating on Public Lands resulting in a less-than-thriving commercial zone.

This measure will encourage revitalization of public lands. As a result, from a taxation perspective, this measure will enhance the revenue generating potential of these properties, including increases in the Transient Accommodations Tax from revitalized hotel and resort areas.

Mahalo for the opportunity to testify in support of this measure.



February 20, 2018

LATE

COMMITTEE ON WAYS and MEANS

Senator Donovan Dela Cruz, Chair

Senator Gilbert Keith-Agaran, Vice Chair

Testimony in Support of SB 3058 SD1

Aloha Chair Dela Cruz,

Hawaii Planing Mill, Ltd. dba HPM Building Supply will be celebrating its 97th anniversary on August 8, 2018. We have over 330 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.

We respectfully ask for your support of SB 3058 SD1. The opportunity to establish and designate public land redevelopment districts 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 believe this bill will benefit our community by ensuring the Waiakea peninsula is well maintained in the best interest of our community, by allowing community involvement and decision-making. As you know, this area is vital to local economic wellbeing and is responsible for about 85% of the overnight visitor revenue. Most importantly, we have confidence that the comprehensive nature of SB 3058 SD1 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

February 21, 2018

COMMITTEE ON WAYS & MEANS
Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice-Chair

RE: SB3058, SD1 RELATING TO PUBLIC LANDS – SUPPORT

Aloha, Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Committee,

Since 1951, the Japanese Chamber of Commerce & Industry of Hawai'i (JCCIH) has been a voice for Hawai'i Island business. Today, at more than 300 members strong, we're focused on finding ways to boost the economy, support innovative industries, increase jobs and contribute to a thriving island community. That's why we write to you in **support of SB3058, SD1**.

We welcome the designation of Waiākea Peninsula as a redevelopment district as well as the creation of an authority. As the home to Banyan Drive, which contains nearly 85 percent of visitor accommodations in East Hawai'i, it is critical that thoughtful attention, and swift action, be given to this economic center.

We note, and appreciate, that the proposed policy committees put the decision making abilities into the hands of the local community. We respectfully suggest adding individuals with cultural and environmental, and perhaps area knowledge and expertise, to the committee in order to create a more well-rounded plan for area development. We also note that nominees for the district be made by the governor, in collaboration with area legislators. We hope you would consider adding language about working with the County's Mayor to develop the nomination list, or even allow the Mayor to nominate a voting member.

We aware that this bill's companion measure, HD2641, HD1 has passed the EDB and has been referred to Finance. With these bills, there is great potential to bring widespread and long-term economic benefits to our community.

Mahalo for the opportunity to testify in support of this measure.

Respectfully,
Ashley Kierkiewicz & Steve Ueda
JCCIH Government Affairs Committee Co-Chairs

February 21, 2018



Michael Shewmaker
Downtown Laundry Express
194 Kilauea Ave. #101
Hilo, HI 96720

Testimony in support of SB 3058

Aloha,

My name is Michael Shewmaker and my wife and I own Downtown Laundry Express, a large Laundromat in Downtown Hilo. We employ nine people and service hundreds of local customers.

Hilo desperately needs the kind of support that this bill can provide.

Please support SB 3058.

Thank you.

Sincerely,

Michael Shewmaker

SB-3058-SD-1

Submitted on: 2/21/2018 8:54:34 AM

Testimony for WAM on 2/21/2018 10:08:00 AM



Submitted By	Organization	Testifier Position	Present at Hearing
Ashley Kierkiewicz	Individual	Support	No

Comments:

Aloha, Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Committee,

I write in support of SB3058, SD1 relating to public lands.

The designation of Waiakea Peninsula as a redevelopment district would mean much needed attention and resources could be directed to East Hawaii's prime tourist accommodation location. The peninsula is also home to the beloved Liliuokalani Park, Coconut Island and Reeds Bay Beach Park, which many residents and visitors often frequent.

I note that members of the proposed policy committee include individuals with development, marketing, financial and business expertise. I humbly suggest adding individuals with cultural, environmental and area knowledge/expertise to the committee in order to have a more comprehensive and well-rounded perspective from the community. While business and financials are important, they should not take precedent over culture and environment; these factors must be part of the conversation.

Also, please consider adding language to the measure around having the County Mayor in which the redevelopment district is in having the ability to nominate a voting member onto the committee, or at least have the Mayor work in concert with island legislators to develop a list of nominees for the Governor to review.

Mahalo for your consideration and the opportunity to submit comment.

Ashley Kierkiewicz