

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
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 CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
SENATE BILL NO. 2398, S.D. 2, H.D. 1

**March 31, 2022**  
**1:30 p.m.**  
**Room 308 and Videoconference**

RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill (S.B.) No. 2398, S.D. 2, H.D. 1, creates the Pulehunui Community Development District (PCDD) under the administration of the Hawai'i Community Development Authority (HCDA) to plan, develop, and maintain public lands in Pulehunui on the island of Maui; amends the membership of HCDA to include the Director of the Department of Business, Economic Development and Tourism, the Chairperson of the Board of Land and Natural Resources, and the Directors of Planning and Permitting of each county in which a community development district is located; amends the number of community representatives on each board from three to two at-large members; establishes membership and quorum requirements for the PCDD; and establishes the PCDD Special Fund.

As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special 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. Regarding S.B. No. 2398, S.D. 2, H.D. 1, it is difficult to determine whether the proposed special fund would be self-sustaining.

Thank you for your consideration of our comments.

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**

**Thursday, March 31, 2022  
1:30 PM**

**State Capitol, Conference Room 308, Via Videoconference**

**In consideration of  
SENATE BILL 2398, SENATE DRAFT 2, HOUSE DRAFT 1  
RELATING TO THE HAWAII COMMUNITY DEVELOPMENT DISTRICT**

Senate Bill 2398, Senate Draft 2, House Draft 1 proposes to: 1) create the Pulehunui Community Development District to allow for planning, development and maintenance of public lands in Pulehunui, Maui, 2) amend the Hawaii Community Development Authority (HCDA) membership to include the Director of the Department of Business, Economic Development, and Tourism, the Chairperson of the Board of Land and Natural Resources, and the Director of the Office of Planning and Permitting of each county, or their respective designees, in which a community development district is located, 3) amend community representatives on each board from three to two at-large members, and 4) establish membership for quorum on matters related to the Pulehunui Community Development District. **The Department of Land and Natural Resources (Department) appreciates and supports this measure.**

The Department desires to develop an approximately 280-acre portion of the property identified as Tax Map Key (2) 3-8-008:001 for a light industrial and business park. The Department intends to lease a variety of small, medium and large lots to private lessees for the purpose of generating income to support the Department's resource protection programs. This project will also require the provision of necessary infrastructure, including water and wastewater systems, at significant costs. The Department is working with other State and county agencies in order to address these issues. The establishment of the Pulehunui Community Development District would authorize its managing Pulehunui Community Development District authority board to obtain various forms of federal funding for planning, design, construction, maintenance, and development projects in the Pulehunui Community Development District. The Department supports this measure due to its potential to address the significant infrastructure costs for its proposed industrial and business park as well as other state projects located within the Pulehunui Community Development District.

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

**M. KALEO MANUEL**  
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

**SB-2398-HD-1**

Submitted on: 3/29/2022 4:43:03 PM

Testimony for FIN on 3/31/2022 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Russell Tsuji	DLNR	Support	Remotely Via Zoom

Comments:

I am available for questions to DLNR. Please allow me Zoom access.

**SB-2398-HD-1**

Submitted on: 3/29/2022 4:43:51 PM

Testimony for FIN on 3/31/2022 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kevin Moore	DLNR	Support	Remotely Via Zoom

Comments:

I am available for questions to DLNR. Please allow me Zoom access.

DAVID Y. IGE  
GOVERNOR  
STATE OF HAWAII

JOSH GREEN  
LT. GOVERNOR  
STATE OF HAWAII



WILLIAM J. AILA, JR.  
CHAIRMAN  
HAWAIIAN HOMES COMMISSION

TYLER I. GOMES  
DEPUTY TO THE CHAIRMAN

**STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS**

P. O. BOX 1879  
HONOLULU, HAWAII 96805

TESTIMONY OF WILLIAM J. AILA, JR, CHAIRMAN  
HAWAIIAN HOMES COMMISSION  
BEFORE THE HOUSE COMMITTEE ON FINANCE  
HEARING ON MARCH 31, 2022 AT 1:30PM VIA VIDEOCONFERENCE

**SB 2398, SD2, HD1, RELATING TO THE HAWAII COMMUNITY DEVELOPMENT  
AUTHORITY**

March 31, 2022

Aloha Chair Luke, Vice Chair Yamashita, and members of the Committee:

Thank you for the opportunity to testify in support of Senate Bill 2398, SD2, HD1, which creates the Pulehunui Community Development District to allow for planning, development, and maintenance of public lands in Pulehunui, Maui.

The Department of Hawaiian Home Lands (DHHL) has been leading an effort to develop a regional infrastructure master plan to serve certain State lands in Pulehunui in a manner that is financially and environmentally efficient, maximizing the use of State funds while minimizing environmental impacts to the extent practicable. The Pulehunui Community Development District proposed in this bill does not include the parcels DHHL owns in Pulehunui, but are adjacent to DHHL lands. DHHL supports any effort toward obtaining funds to develop in this area.

DHHL must note that since there are Hawaiian Home Lands located in the Kalaeloa community development district, the Chairman of the Hawaiian Homes Commission or the Chairman's designee should be allowed to continue to serve in an ex officio nonvoting capacity in that district.

Thank you for your consideration of our testimony.



**HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY**

547 Queen Street, Honolulu, Hawaii 96813  
Telephone: (808) 594-0300 Fax: (808) 587-0299  
Web site: <http://dbedt.hawaii.gov/hcda/>

Statement of  
**CRAIG NAKAMOTO**  
Interim Executive Director  
Hawaii Community Development Authority  
before the

**HOUSE COMMITTEE ON FINANCE**

Thursday, March 31, 2022  
1:30 P.M.

VIA Videoconference, State Capitol, Conference Room 308

In consideration, of  
**SB 2398, SD2, HD1**  
**RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.**

Chair Luke, Vice Chair Yamashita, and members of the Committee. The Hawaii Community Development Authority (HCDA) **supports SB 2398, SD2, HD1 with one amendment.** This measure establishes the Pulehunui community development district and board to be placed within HCDA and administratively attached to the Department of business, economic development, and tourism, to facilitate the development and improvement of state-owned lands in Pulehunui, Maui. This measure also makes governance changes the authority.

The chairperson of the Board of Land and Natural Resources (BLNR) originally expressed a desire to be a member only for matters affecting the Pulehunui community development district located on the island of Maui, because of the Department of Land and Natural Resource's (DLNR) land ownership in that area of Maui.

The inadvertent inclusion of "the chairperson of the board of land and natural resources" in one part of this measure has the unintended result of placing the chairperson of the BLNR on all the HCDA boards. The DLNR concurs with the amendment to remove such language. Thus, we respectfully request this amendment:

Page 6, Lines 10-11, please delete the language, "the chairperson of the board of land and natural resources"

Passage of SB 2398, SD2, HD1 would allow HCDA to facilitate and lead regional infrastructure planning between several State agencies and ensure the most efficient use of State funds.

Thank you for the opportunity to testify in support of this measure.



HOUSE COMMITTEE ON FINANCE

Thursday, March 31, 2022 1:30 p.m., Conference Room 308 & Videoconference  
SB 2398, SD2, HD1

Relating to the Hawaii Community Development Authority

**TESTIMONY**

Douglas Meller, Legislative Committee, League of Women Voters of Hawaii

Chair Luke and Committee Members:

The League of Women Voters neither takes no position on SB 2398, SD2, HD1. The House Committee on Water and Land has amended the bill to address the League's objections to SB 2398, SD2.

SB 2398, SD2 would have authorized specified politically-appointed HCDA board members to regulate and override county zoning **ONLY** for public lands at Pulehunui but never for similar public lands at any other location. However, Article XI, Section 5 of the Hawaii Constitution prohibits enactment of a "special" law which only applies to public lands at one specific location and nowhere else in the State. And regardless of whether SB 2398, SD2 would have complied with the State Constitution, the League's position is that it is simply, obviously wrong for the Legislature to enact legislation which would encourage people who might develop or lease public lands at Pulehunui to "play politics" to gain special unfair treatment.

Thank you for the opportunity to submit comments.