

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 SENATE COMMITTEES ON EDUCATION AND WAYS AND MEANS
ON
SENATE BILL NO. 3334, S.D. 1

March 4, 2022
10:00 a.m.
Room 211 and Videoconference

RELATING TO GOVERNMENT OPERATIONS

The Department of Budget and Finance (B&F) offers comments on Section 10 of this bill. B&F defers to the appropriate departments and agencies on the remainder of this bill.

B&F notes that Section 10 of this bill further amends Section 6 of Act 268, SLH 2019, as amended, to increase the general obligation (G.O.) bond appropriation for the Stadium Development District from \$170,000,000 to \$350,000,000 in FY 20. However, a FY 20 G.O. bond appropriation will lapse on June 30, 2022. If the Committees intend to move this appropriation forward, B&F suggests lapsing the appropriation made in Act 268 and making a new G.O. bond appropriation for the desired amount in FY 23.

Thank you for your consideration of our comments.



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 03/04/2022

Time: 10:00 AM

Location: CR 211 & Videoconference

Committee: Senate Education
Senate Ways and Means

Department: Education

Person Testifying: Keith T. Hayashi, Interim Superintendent of Education

Title of Bill: SB 3334, SD1 RELATING TO GOVERNMENT OPERATIONS.

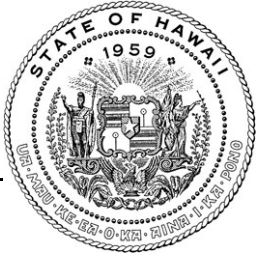
Purpose of Bill: Establishes the Director of Business, Economic Development, and Tourism, or a designee of the Director, as an ex officio voting board member of the Hawaii Tourism Authority and the School Facilities Authority. Transfers the Stadium Authority and the School Facilities Authority from the Department of Accounting and General Services and Department of Education, respectively, to the Department of Business, Economic Development, and Tourism. Increases the amount of general obligation bonds that may be issued for the Stadium Development District. (SD1)

Department's Position:

The Hawaii State Department of Education (Department) provides comments on SB 3334, SD1.

The Department has established and maintains an effective working relationship with the School Facilities Authority and its staff. Regardless of where the School Facilities Authority resides, the Department is confident that this relationship will continue and is committed to ensuring adequate facilities for the needs of public school students.

Thank you for the opportunity to provide testimony offering comments on this measure.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR
MIKE MCCARTNEY
DIRECTOR
CHUNG I. CHANG
DEPUTY DIRECTOR

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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

**SENATE COMMITTEE ON EDUCATION AND
SENATE COMMITTEE ON WAYS AND MEANS**

Friday, March 4, 2022
10:00 AM

State Capitol, Conference Room 211 & Videoconference

In consideration of
SB3334, SD1
RELATING TO GOVERNMENT OPERATIONS.

Chairs Kidani and Dela Cruz, Vice Chairs Kim and Keith-Agaran and members of the Committees.

The Department of Business, Economic Development and Tourism (DBEDT) supports the intent of SB3334, SD1, which establishes the DBEDT director as an ex-officio voting member of the Hawaii Tourism Authority, Stadium Authority and the School Facilities Authority Boards and transfers the Stadium Authority and the School Facilities Authority to DBEDT.

DBEDT agrees with centralizing state functions to gain efficiencies and expertise and will continue discussions to evaluate the current state of personnel, funding, and contracts of the Stadium Authority and the School Facilities Authority to ensure proper transfer of these agencies to DBEDT without operational interruption should these transfers occur.

We defer to the Department of Budget and Finance on Section 10 of this measure as it relates to the issuance of the general obligation bonds.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
COMPTROLLER
AUDREY HIDANO
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
CURT T. OTAGURO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE

SENATE COMMITTEES
ON
EDUCATION
AND
WAYS AND MEANS

FRIDAY, MARCH 4, 2022, 10:00 A.M.
VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 3334, S.D. 1

RELATING TO GOVERNMENT OPERATIONS

Chairs Kidani and Dela Cruz, Vice Chairs Kim and Keith-Agaran, and Members of the Committees, thank you for the opportunity to testify on S.B. 3334, S.D. 1. The Department of Accounting and General Services (DAGS) supports the overall intent of this bill and offers the following comments and concerns .

DAGS appreciates the legislature's overall support of the New Aloha Stadium Entertainment District (NASED) and the additional \$180,000,000 in general obligation funding. We are concerned, however, that the proposed language in Section 10 may not achieve the desired intent for the following reason:

Increasing the authorization to issue general obligation bonds from \$170,000,000 to \$350,000,000 by amending Act 268, Session Laws of Hawaii 2019, section 6, as amended by section 5 of Act 4, Session Laws of Hawaii 2020, as amended by section 18 of Act 146, Session Laws of Hawaii 2021, may not allow for assigning a new funds lapse date of June 30, 2024, as we

understand that the lapse date is determined by the project authorization date, not the funds appropriation date. Therefore, merely amending the acts related back to Act 268, Session Laws of Hawaii 2019, may lock the funds lapse date at June 30, 2022. Instead, DAGS recommends that a new project appropriation be established in this bill for the Stadium Development District in the differential amount of \$180,000,000 comprised of \$130,000,000 in general obligation bonds for necessary design and construction costs, and \$50,000,000 in general funds to support the interim operations of the Stadium Authority and the Stadium Development District.

DAGS is also concerned that Section 13 may inadvertently create confusion over governance and negatively impact on-going planning and procurement efforts to implement development of the Stadium Development District as expediently and effectively as possible to bring benefit to the University of Hawaii and the people of Hawaii by directing the immediate transfer of all legal agreements from DAGS to the Department of Business, Economic Development, and Tourism upon the effective date of this bill. Instead, DAGS recommends Section 13 be revised as follows:

“ SECTION 13. All deeds, leases, contracts, loans, agreements, permits, or other documents executed or entered into by or on behalf of the stadium authority or the department of accounting and general services, pursuant to the provisions of the Hawaii Revised Statutes, that are reenacted or made applicable to the department of business, economic development, and tourism by this part shall remain in full force and effect. Notwithstanding any law to the contrary, all contracts currently under the department of accounting and general services on behalf of the stadium authority shall remain with the department of accounting and general services. Otherwise, as appropriate, upon [Upon] the effective date of this part, every reference to the stadium authority, department of accounting and general services, or the comptroller therein shall be construed as a

reference to the department of business, economic development, and tourism or the director of business, economic development, and tourism~~[- as appropriate].~~

DAGS will continue to coordinate closely with the Stadium Authority and stakeholders to ensure our on-going project efforts coincide with the future goals to bring benefit in the best interests of the State and its people.

Thank you for the opportunity to testify on this matter.



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David Y. Ige
Governor

John De Fries
President and Chief Executive Officer

Statement of
JOHN DE FRIES

Hawai'i Tourism Authority
before the
COMMITTEE ON EDUCATION
AND
COMMITTEE ON WAYS AND MEANS

March 4, 2022
10:00 A.M.
State Capitol
via videoconference

In consideration of
SENATE BILL NO. 3334 SD 1
RELATING TO GOVERNMENT OPERATIONS

Aloha Chairs Wakai and Moriwaki, Vice Chairs Misalucha and Dela Cruz, and members of the Committees on Energy, Economic Development, and Tourism and Government Operations,

The Hawai'i Tourism Authority appreciates the opportunity to offer comments on SB3334 SD1, which in Part II establishes the Director of Business, Economic Development, and Tourism, or a designee of the Director, as an ex-officio, voting member of the Hawai'i Tourism Authority board. Our comments today are limited to Part II of the act.

As an agency administratively attached to the Department of Business, Economic Development, and Tourism, our staff already works closely with the Director and his team. We welcome the Director or the Director's designee's membership on our board to further deepen involvement in the policy and oversight discussions that happen at the board level.

We appreciate the opportunity to provide these comments on SB3334 SD1. Mahalo.

DAVID Y. IGE
GOVERNOR

CURT T. OTAGURO
COMPTROLLER



An Agency of the State of Hawaii

ROSS I. YAMASAKI
CHAIRMAN, STADIUM AUTHORITY

RYAN G. ANDREWS
DEPUTY MANAGER

TESTIMONY
OF
RYAN G. ANDREWS, ACTING MANAGER
ALOHA STADIUM
STADIUM AUTHORITY
TO THE
SENATE COMMITTEES
ON
EDUCATION
AND
WAYS AND MEANS

MARCH 4, 2022, 10:00 A.M.
BY VIDEO CONFERENCE, ROOM 224

S.B. 3334, S.D.1

RELATING TO GOVERNMENT OPERATIONS

Chairs Kidani and Dela Cruz, Vice Chairs Mercado Kim and Keith-Agaran, and members of the respective committees, thank you for the opportunity to submit this testimony with comments on SB 3334, S.D.1.

With much recognition and appreciation, the Stadium Authority (Authority) would like to take this opportunity to thank the legislature and the Department of Accounting and General Services (DAGS) for its many years of continuous support towards building a New Aloha Stadium Entertainment District (NASED) that includes redevelopment of its surrounding land into a vibrant and robust entertainment district. We would not be at this stage of development if not for the collective and coordinated support from these entities working together to reach project completion. Thank you for your continued support.

From a macro perspective, the Authority understands the intent of the legislature in aggregating enterprise agencies as well as centralizing land development expertise and functions under the Department of Economic Development and Tourism (DBEDT). The Authority is supportive of all efforts to continue the positive progress and momentum that has been established and that will drive this project's development through completion.

The Authority is also truly appreciative of the restoration of items noted in Standing Committee Report (SCR) No. 2344. SCR No. 2344 clearly and succinctly explains the importance and impact of each restoration as well as the impetus behind each.

There are three (3) areas of concern for which the Authority shares the following comments and sincerely and respectfully appreciates the Legislature's consideration of these comments:

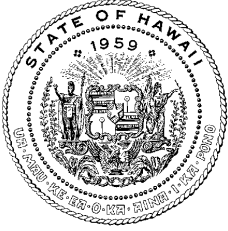
Part III -Section 10. It is the Authority's understanding that there is a technical concern with the effective lapse date of June 30, 2024. We respectfully defer to DAGS and the Legislature on appropriate and effective language pertaining to the lapse date for the unencumbered general obligation bond appropriation.

Part III -Section 11. The Authority defers to and concurs with DAGS' recommendation that a new project appropriation be established in this measure for the Stadium Development District that addresses the additional \$180,000,000 noting:

- \$130,000,000 in general obligation bonds for necessary design and construction costs, and
- \$50,000,000 in general funds into the Stadium Development Special Fund to support interim operations of the Stadium Authority and the Stadium Development District.

Part III -Section 13. We concur with DAGS' testimony recommending the insertion of language to provide clarify on the oversight role as it pertains to contracts currently under DAGS delegated authority and oversight.

On behalf of the Stadium Authority Board, I would like to express our gratitude and appreciation for your continuing support of the NASED project and respectfully ask for your consideration of our concerns noted above. Thank you for the opportunity to provide this testimony with comments on S.B. 3334, S.D.1.



David Y. Ige
Governor

Alan Oshima
Chairperson

SCHOOL FACILITIES AUTHORITY

c/o 869 Punchbowl Street, 5th Floor, Honolulu, Hawai'i, 96813

IN REPLY REFER TO: **SB3334 EDU/WAM**

March 4, 2022
10:00 A.M.
State Capitol, Teleconference

S.B. 3334 S.D. 1 RELATING TO GOVERNMENT OPERATIONS

Senate Committee(s) on Education & Ways and Means

The School Facilities Authority (SFA) provides **comments** on part IV of this measure that proposes to transfer the SFA from the Department of Education to the Department of Business, Economic Development, and Tourism.

The SFA takes no position on the proposed transfer but notes that the SFA is in its first six months of operations and is currently in the process of promulgating administrative rules on practice and procedure. In addition, the SFA is initiating the process to recruit its first executive director and hire three staff positions. The SFA respectfully requests your committee defer consideration of part IV of the bill until such time that the SFA is well established and fully operational as the operations over the next year can better inform future decisions on the appropriate placement of the authority.

Thank you for the opportunity to provide these comments.