



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

CHUNG I. CHANG
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

**SENATE COMMITTEES ON
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
AND
GOVERNMENT OPERATIONS**

Monday, February 7, 2022
3:30 PM

State Capitol, Conference Room 224 & Videoconference

In consideration of

SB3334

RELATING TO GOVERNMENT OPERATIONS.

Chairs Wakai and Moriwaki, Vice Chairs Misalucha and Dela Cruz and members of the Committees. The Department of Business, Economic Development and Tourism (DBEDT) supports the intent of SB3334 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.

Thank you for the opportunity to testify.



Hawai'i Convention Center
1801 Kalākāua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiitourismauthority.org

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 ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
AND
COMMITTEE ON GOVERNMENT OPERATIONS

February 7, 2022
3:30 P.M.
State Capitol
via videoconference

In consideration of
SENATE BILL NO. 3334
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, 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. Mahalo.

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
ENERGY, ECONOMIC DEVELOPMENT AND TOURISM/
GOVERNMENT OPERATIONS

MONDAY, FEBRUARY 7, 2022, 3:30 P.M.
VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 3334

RELATING TO GOVERNMENT OPERATIONS

Chairs Wakai and Moriwaki, Vice Chairs Misalucha and Dela Cruz, and Members of the Committees, thank you for the opportunity to testify on S.B. 3334. The Department of Accounting and General Services (DAGS) support 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 (NASD) and the additional \$180,000,000 in general obligation funding. We are concerned, however, that the proposed language in Section 11 may not achieve the desired intent to support seamless progress on the Stadium Development District's progress for the following reasons.

Revising the expending authority for the previously appropriated funds may negate the transactions undertaken for funds already delegated by the Stadium Authority to DAGS that are encumbered, especially where encumbered to existing contracts. Instead, DAGS recommends

keeping the Stadium Authority as the expending agency, as this designation will be retained wherever they are administratively attached.

DAGS also concurs with, supports, and defers to the Stadium Authority for consideration to address their additional valid concerns as enumerated in their testimony. At this infancy stage of the New Aloha Stadium Entertainment District, the utmost care must be given to ensure the best, most professional opportunities for success are established.

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.



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

Date: 02/07/2022

Time: 03:30 PM

Location: CR 224 & Videoconference

Committee: Senate Energy, Economic
Development, and Tourism

Senate Government Operations

Department: Education

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

Title of Bill: SB 3334 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 member of the Hawaii Tourism Authority and the School Facilities Authority Board. 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. Requires that administrative expenses incurred for the stadium development special fund be deducted. Increases the amount of general obligation bonds that may be issued for the Stadium Development District.

Department's Position:

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

The Department has established and maintains an effective working relationship with the School Facilities Authority (SFA) and its staff. Regardless of where the SFA 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.

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
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
AND
GOVERNMENT OPERATIONS

FEBRUARY 7, 2022, 3:30 P.M.
CONFERENCE ROOM 224 & BY VIDEOCONFERENCE

S.B. 3334

RELATING TO GOVERNMENT OPERATIONS

Chairs Wakai, Moriwaki, Vice Chairs Misalucha, Dela Cruz, and members of the committees, thank you for the opportunity to submit this testimony with comments on SB 3334.

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 that will drive this project's development through completion.

The Authority greatly appreciates the \$350,000,000 in general obligation bond funding required to support the completion of the State of Hawaii's new sports and entertainment facility.

The Authority also offers the following comments on various Sections of this measure and would respectfully appreciate the legislature's consideration of these recommendations:

Regarding Section 5: The Authority respectfully asks for the legislature's support in exempting the Stadium Development Special Fund from its pro-rata share of the departmental administrative assessment. As the NASED project continues on course through project completion, resources are required to provide for and ensure a seamless transition from its current operating model, through an interim decommission/demolition operation, and finally to a new NASED operating model. During this multi-phase process, the Authority recognizes that it will continue to require funding such that all efforts to increase revenue and decrease expenses/fees are imperative; this would include an exemption of the administrative assessment fee. An exemption will most assuredly help the Authority address its operating requirements and expenses related to the entire multi-phase transition management process that it now faces and will continue to face in the months ahead. Exemption from the administrative assessment fee will help reduce the need for the Authority to seek additional funding to address the transition management funding requirements.

Regarding Section 7: "The Authority currently values the presence and participation of the University of Hawaii and the Department of Education as non-voting members. As regular tenants of the facility, the Authority notes that amending their participation to voting members may increase the perceived or real conflicts of interest in the execution of its responsibilities. Furthermore, there are no other regular tenants currently seated on the board; therefore, the Authority recommends that the ex-officio members from the two agencies remain as non-voting members of the Authority."

It is our understanding that, by separate measure, the Legislature is proposing to amend language in Section 109-1(a) that clarifies and identifies the total number of board members that comprise the Stadium Authority, the district in which two (2) board members represent, as well as defines the area in which two (2) members shall reside. We understand and appreciate the Legislature's support in its review and update of existing statutory language and its alignment with any proposed language that will meet Legislative intent.

Regarding Section 11: Act 146, SLH 2021 designated the Authority as the expending authority for capital improvement projects authorized by the Act. It allowed for delegation of this expending authority, with the approval of the Governor, to other State agencies. This provision has allowed the Authority to delegate the transfer of funds and project implementation to the subject matter expert – DAGS.

The proposed language in Section 11 seeks to replace the Authority as the expending agency and transfers this responsibility to DBEDT. In doing so, the Authority is concerned over whether it will be problematic with appropriated funds that have already been delegated to and encumbered by DAGS. The Authority respectfully requests that the Authority remain as the expending agency, to include its current authority to delegate implementation and transfer of funds remain unchanged.

We believe this will allow the process to continue seamlessly and minimize the likelihood of delays in sorting out a new process.

The Authority defers to DAGS and the Legislature on the effectiveness of language pertaining to the lapse date for the unencumbered general obligation bond appropriation. It is the Authority's understanding that there is a technical concern with the effective date of June 30, 2024.

On behalf of the Stadium Authority Board, I thank you for your ongoing 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.

LATE

SB-3334

Submitted on: 2/6/2022 3:41:50 PM

Testimony for EET on 2/7/2022 3:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Gerard Silva	Individual	Oppose	No

Comments:

The Department of Education should not be transferred it has not to do with the Stadium you people are a bunch of Idiots If you think we cannot see what you are up to.

End the Stupidity!!



LATE

January 26, 2022

Senator Glenn Wakai, Chair
Senator Bennette Misalucha, Vice Chair
Senate Committee on Energy Economic Development
and Tourism

Senator Sharon Y. Moriwaki, Chair
Senator Donovan M. Dela Cruz, Vice Chair
Senate Committee on Government Operations

Testimony in Support of the General Intent of SB 3334, RELATING TO GOVERNMENT OPERATIONS. (Establishes the Director of Business, Economic Development, and Tourism [DBEDT], or a designee of the Director, as an ex-officio, voting member of the Hawaii Tourism Authority [HTA] and the School Facilities Authority Board. Transfers the Stadium Authority and the School Facilities Authority from the Department of Accounting and General Services and Department of Education, respectively, to DBEDT. Requires that administrative expenses incurred for the stadium development special fund be deducted. Increases the amount of general obligation bonds that may be issued for the Stadium Development District.)

Monday, February 7, 2022, 3:30 p.m.; Conference Room 224 & Videoconference

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers, and utility companies. LURF's mission is to advocate for reasonable, rational, and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF appreciates the opportunity to express its **support of the general intent of SB 3334.**

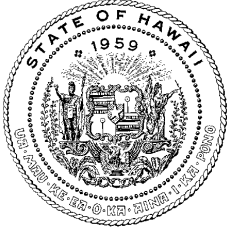
SB 3334. LURF agrees with the introducers of SB 3334, that the effective, efficient, and appropriate development and redevelopment of state lands is an important priority, for the purposes of economic development and for the creation of new multi-use facilities and housing opportunities that are of benefit to the public. However, as SB 3334 explains, at present, the state's expertise with multi-use land development is scattered around state government in various offices and departments.

The primary intent of this bill is to consolidate the State's land development functions within DBEDT, which could centralize the State's land development expertise and thereby more efficiently use the State's limited financial resources and personnel. The stated purpose of this bill is to improve the operation of state government by: (1) In Part II, restoring the DBEDT director to the HTA Board of directors as an ex officio voting member; and (2) In Part III, transferring the Stadium Authority and the School Facilities Authority to DBEDT.

LURF's Position. LURF supports the general intent of SB 3334 because the measure makes a significant effort to centralize the State's land development expertise, make efficient use of the State's financial resources and personnel, and implement the plans for major land development projects. **However, LURF believes that the continued collaboration between the legislative proponents, departments, as well as input from all stakeholders regarding such transfers, are necessary to successfully implement this undertaking.**

For the reasons stated above, LURF supports the intent of SB 3334, and respectfully urges your favorable consideration of this measure and any necessary amendments thereto consistent with these comments.

Thank you for the opportunity to present testimony in support of this matter.



SCHOOL FACILITIES AUTHORITY

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

IN REPLY REFER TO: **SB3334 GVO**

David Y. Ige
Governor

Alan Oshima
Chairperson

February 7, 2022
3:30 P.M.
State Capitol, Teleconference

S.B. 3334 RELATING TO GOVERNMENT OPERATIONS

Senate Committee on Government Operations

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.