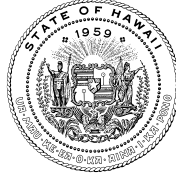


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE

COMMITTEE ON GOVERNMENT OPERATIONS

MARCH 14, 2023, 3:00 PM
CONFERENCE ROOM 225 AND VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 1206, H.D. 2

RELATING TO A STATE PERMITTING OFFICE

Chair McKelvey, Vice Chair Gabbard, and Members of the Committee, thank you for the opportunity to submit **comments** to House Bill (H.B.) 1206, H.D.2, which requires the Department of Accounting and General Services (DAGS) to establish a five (5)-year state permit pilot program to quickly and efficiently process building and infrastructure permits for the construction of state buildings, state roads and highways, and other construction on state lands, while simultaneously ensuring that the construction complies with all state and county building and infrastructure requirements.

We appreciate the intent of this proposed legislation as DAGS is often faced with delays related to the permitting process. It is our understanding that permitting delays are often due to resource limitations, volume of permits, and the complexity of the projects under review. We recognize the important role that each county plays in processing building and other

construction-related permits and, as mentioned in our previous testimony, we've found each county permitting office to be willing to help whenever possible.

DAGS has already begun our outreach efforts to collaborate with each county to identify and prioritize ways we may be able to mutually expedite permit processing for State projects. If DAGS will be issuing permits, the language related to the Certificate of Occupancy (CO) and the connection to "county" services will be beneficial in alleviating the concerns we have in expediting our state projects.

We humbly request that the committee consider \$1,000,000 in funding for the first fiscal year of the biennium and \$500,000 in funding for each subsequent fiscal year to support the five (5)-year pilot program efforts, which would include specialized technical research and training, software, equipment, promulgation of rules, and the provision of necessary expertise. We pledge to keep working with each county to develop this new process and necessary statutory language, reporting back to the legislature annually on the progress and outcome of our state-exempted projects.

Thank you for the opportunity to submit testimony on this measure.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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RICK BLANGIARDI
MAYOR



DAWN TAKEUCHI APUNA
DIRECTOR

JIRO SUMADA
DEPUTY DIRECTOR

March 14, 2023

The Honorable Angus L.K. McKelvey, Chair
and Members of the Committee on Government Operations
Hawaii State Senate
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair McKelvey and Committee Members:

**Subject: House Bill No. 1206, HD 2
Relating to a State Permitting Office**

The Department of Planning and Permitting (DPP) **opposes** House Bill No. 1206, HD 2, in its current form. The Bill would establish a state permit pilot program within the Department of Accounting and General Services to process building and infrastructure permits for construction of state-owned buildings, state roads and highways, and other construction on State lands.

The DPP takes no position on the creation of a State building permit office. The State already has the authority to exempt itself from the county permitting process. If anything, allowing the State to issue its own building permits would reduce the burden on the DPP as we've processed 1,217 State permits from 2015-2022. However, we cannot support the HD 2, which would require that the counties issue certificates of occupancy once construction is completed. What this is asking is for the counties to blindly approve a project and close a permit that we did not review, comment on, or inspect. Our issuance of a certificate of occupancy will rely on a final inspection by a "state-designated inspector," whose qualifications are not defined in the Bill, and to which the DPP has no oversight or involvement.

Building codes exist for a reason, and that is to ensure the health and safety of a building's occupants and the general public. A permit application is just the beginning of a detailed and involved process to ensure this. Once we approve a permit, it is automatically assigned to various DPP building inspectors, who visit construction sites while the work is ongoing and are involved in the project from start to finish to ensure that the work is being done according to the approved plans. If problems are detected, the inspector will inform the contractor that certain things need to be fixed, even to the point of issuing a notice of violation and stop-work order. Only after the inspectors are

The Honorable Angus L.K. McKelvey, Chair
and Members of the Committee on Government Operations
Hawaii State Senate
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Page 2

satisfied that the work meets all codes and the structure is safe to occupy, will they issue a certificate of occupancy.

What House Bill No. 1206, HD 2, does is bypass these safety measures and require the counties to trust and rely on an unknown third-party inspector to determine if a building is safe to occupy. We believe if the State is going to issue building permits, then it should also complete the process by closing them with a final inspection and certificate of occupancy. The Committee should therefore consider amending the Bill to include inspections by State inspectors capable and authorized to issue certificates of occupancy.

Also, we oppose the section in this Bill that would give the State the right to connect to county infrastructure services without complying with the requirements of the respective agencies.

In summary, we do not oppose the creation of a State building permit office. But we are opposed to the sections that would require that the counties issue certificates of occupancy, and also allow the State to connect to county infrastructure services without county approval.

For the reasons stated above, we ask that this Bill be held in committee.

Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to be 'Dawn Takeuchi Apuna', with a long horizontal line extending to the right.

Dawn Takeuchi Apuna
Director



LATE

March 13, 2023

Senator Angus McKelvey, Chair
Senator Mike Gabbard, Vice Chair
Senate Committee on Government Operations

Comments, Concerns and Proposed Amendments in Support of HB 1206, HD1, RELATING TO A STATE PERMITTING OFFICE (Requires the Department of Accounting and General Services [DAGS] to establish a state permit pilot program to process building and infrastructure permits for construction of state-owned buildings, state roads and highways, and other construction on state lands. Appropriates funds. Effective 6/30/3000. [HD2])

**Tuesday, March 14, 2023, at 3:00 PM
State Capitol, Conference Room 225 & 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 provide **comments, concerns, and PROPOSED AMENDMENTS in SUPPORT of HB 1206, HD2**, which requires DAGS to establish a state permit pilot program to process building and infrastructure permits for construction of state-owned buildings, state roads and highways, and other construction on state lands. Appropriates funds.

LURF's Position. Since its creation, 44 years ago, LURF and its members have been involved with State and county permitting issues and delays. We understand that permitting issues relating to State projects can cause delays that increase costs and withhold important services for Hawaii's government operations, residents, businesses, and visitors. Thus, LURF **appreciates the intent of HB 1206, HD2**, the creation of a State Permitting Office and believes that it could help facilitate the timely processing, inspection, and approval of permits for government buildings and infrastructure.

However, there are **three major issues** in the current HB 1206, HD2 draft that we believe should be addressed by the State, the counties, and this Committee:

- the requirement that the counties issue a **Certificate of Occupancy**, without any county review and approval of plans, or inspection of construction prior to completion; and
- the requirement that the **counties shall allow the State to connect to county infrastructure** without any county review and approval of plans, or inspection of construction prior to completion; and
- the bill **does not address the issue of liability for the design and construction of State facilities** that the counties never reviewed, approved, or inspected prior to completion.

Based on those concerns, LURF respectfully requests that this Committee consider the following AMENDMENTS:

1. **Certificate of Occupancy (CO): DELETE** the provision that requires the counties to issue the CO, because this bill does not allow any county review and approval of plans, or inspection of construction prior to completion. **ADD** a requirement that the State Permitting Office shall issue the CO;
2. **Connection to county infrastructure:**
 - a. **DELETE** this provision, because this bill does not allow any county review, approval, or inspection prior to completion.
 - b. If the State desires to connect to county infrastructure services after the completion of the facilities, this measure should be **AMENDED** to
 - i. Require that the State certify that the plans comply with the applicable State and county building codes;
 - ii. Require that the State allow the counties to review and approve plans, and inspect construction of the State facilities prior to completion of the building and infrastructure; and
3. **State should accept liability relating to state facilities that are permitted by the State Permit Office and connected to county infrastructure:** Since the current form of this bill does not allow any county review and approval of plans, or inspection prior to completion, it would create substantial liability for the counties if there were design or construction flaws, or connection problems with the State infrastructure. Thus, we would propose to **AMEND** this measure to **ADD** a provision stating that the State, not the counties, shall be liable for the design, construction, and operation of the state facilities, and any resulting impacts on county infrastructure, facilities, and services.

For the reasons set forth above, LURF **supports the intent of HB 1206, HD2**, and respectfully requests that your Committee favorably consider our **comments, concerns, and PROPOSED AMENDMENTS** to this measure.

Thank you for the opportunity to present testimony relating to this measure.

RICHARD T. BISSEN, JR.
Mayor

KEKUHAUPIO R. AKANA
Acting Managing Director



OFFICE OF THE MAYOR
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

March 14, 2023



TO: Honorable Senator Angus L.K. McKelvey, Chair
Honorable Senator Mike Gabbard, Vice Chair
Senate Committee on Government Operations

FROM: Richard T. Bissen, Jr., Mayor
Jordan Molina, Director of Public Works

DATE: March 14, 2023

SUBJECT: **OPPOSITION OF HB1206 HD2, RELATING TO A STATE PERMITTING OFFICE**

Thank you for the opportunity to testify in strong **OPPOSITION** of this measure. The purpose of this measure is to establish a state permitting office to quickly and efficiently process building and infrastructure permits for construction of state buildings, state roads and highways, and other construction on state lands, while simultaneously ensuring that the construction complies with all state and county building and infrastructure requirements.

Our administration **OPPOSES** this measure for the following reasons:

1. The HD2 draft of this measure added Section 107-D requiring the County to issue certificates of occupancy for state permits.
 - Requiring county oversight of the certificate of occupancy of the building permit issued by the state undermines the intent of this measure, which is to bypass the county's process. If the county permit process is the source of delays, then engaging the County in the process at the tail end does not support the intent of the bill, which is to expedite the project completion by eliminating the County in the building permit process.
 - The purpose of the certificate of occupancy is to certify compliance that a building or structure contains no violations of the provision of the building code or other laws that are enforced by the permitting agency. The bill requires the state-designated inspector to provide the final

inspections and formal acceptance of the building, which is a certification of compliance with State laws. As the County has no control of the approval of the permit and inspections during construction, it is not responsible for the County to issue the certificate of occupancy. Under the proposed bill, the state permitting office would be the permitting agency, and therefore, the state permitting office is the appropriate agency to issue the certificate of occupancy and render the determination of compliance of its approval of the building permit.

2. The HD2 draft of his measure added Section 107-D requiring the County to allow infrastructure connections for state permitted projects.
 - The bill seems to imply that the State is entitled to the county infrastructure services without complying with the requirements of infrastructure improvements that may be necessary to ensure safety and/or provide adequate utility services to the building. Mandating that the State can connect to county-infrastructure without complying with infrastructure requirements puts the public health and safety at risk.
3. This measure, under Section 107-E, requires that the state permitting office develop rules in consultation with the State Building Code Council (SBCC).
 - This will be a challenge as DAGS has never hired the Executive Director or the Executive Assistant positions as required by HRS 107-23 that support the SBCC. Due to this oversight, the SBCC has struggled to adopt an amendment to the state building code. Likewise, members of the SBCC will have to prepare and write their own meeting agendas and minutes. It will likely be difficult for the SBCC to find the capacity to support this additional requirement.

For the foregoing reasons, we OPPOSE this measure, but we support the companion bill, SB618 in its current form as an alternative to HB1206 HD2.