

lowen1-Kyli

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 06, 2013 10:01 PM
To: waltestimony
Cc: gqm@biahawaii.org
Subject: Submitted testimony for HB480 on Feb 8, 2013 08:30AM
Attachments: 130208_HB480_Land Use UpZone.pdf

HB480

Submitted on: 2/6/2013

Testimony for WAL on Feb 8, 2013 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Gladys Marrone	BIA Hawaii	Oppose	No

Comments: Thank you.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

"Building Better Communities"

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Ryan Engle

Bays Lung Rose & Holma

Scotty Anderson

Pacific Rim Partners

W. Bruce Barrett

Castle & Cooke Homes Hawaii, Inc.

Testimony to the House Committee on Water and Land

Friday, February 8, 2013

8:30 a.m.

State Capitol - Conference Room 325

RE: H.B. 480, RELATING TO LAND USE

Chair Evans and Vice Chair Lowen, and members of the committee:

My name is Gladys Marrone, Government Relations Director for the Building Industry Association of Hawaii (BIA-Hawaii), the voice of the construction industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, affiliated with the National Association of Home Builders.

BIA-Hawaii opposes H.B. No. 480, which proposes to assess a surcharge on any land reclassified equal to any increase in the assessed value of the land resulting from the reclassification.

The bill does not identify the specific purpose or intent of this draconian legislation. What public purpose would be served by government extorting a fee from the up-zoning of land in the state? Rational public policy is based on an understanding of government's role in the land use entitlement process. One of the principle functions of government in exercising its zoning authority is to insure that adequate government infrastructure is in place to accommodate the planned growth in an area. Over time, the payment for much of the infrastructure capacity building has been shifted on to developers through impact fees, connection charges, etc., which ultimately translates into higher costs for the end users.

Without an understanding of the specific purpose or intent of this legislation, it would appear that the bill's objective is to penalize any future owners who up-zone their property even if the up-zoning has been planned for by the State or County in various General/Development plans. The bill is illogical and should be held in committee.

Thank you for the opportunity to share with you our views.



February 6, 2013

Representative Cindy Evans, Chair
Representative Nicole Lowen, Vice Chair
House Committee on Water and Land

**Testimony in Opposition to HB 480 Relating to Land Use; Reclassification
(Assesses surcharge on any land reclassified equal to any increase in the
assessed value of the land resulting from the reclassification.)**

Friday, February 8, 2013, 8:30 a.m., in Conference Room 325

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 a utility company. One of LURF's missions 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.

HB 480. LURF **strongly opposes** this bill which proposes to assess a surcharge on any land reclassification equal to any increase in the assessed value of the land resulting from the reclassification.

LURF's Position. Based on the following reasons and considerations, LURF must respectfully request that **HB 480 be held in Committee.**

The proposed assessment of a surcharge on reclassified land is inappropriate and improper given that:

- 1. The bill fails to provide any reason or justification for the imposition of such an onerous tax, let alone surcharge, especially when it targets a small, limited group.**

While the Hawaii Constitution grants the Legislature the authority to tax and the power to control the spending of generated tax revenues through appropriations made by law, the Legislature is nevertheless obligated to exercise such taxing power judiciously. The intent of any tax and the means by which revenue is to be generated to address the intent stated must be lawful and valid.

In the case of a “surcharge,” which by definition is an additional charge, or added liability on something that is already due, such as a tax on tax, the measure is particularly susceptible to scrutiny, especially if unlawfully intended to target such a small group of private individuals or entities who own real property in the State, or have pending or future plans to reclassify lands. Such a tax or surcharge could certainly be considered as an improper penalty which would be subject to legal challenge.

2. The bill fails to provide the bases or justification for the surcharge, or any information as to how the amount of the surcharge was determined.

The lack of information as to the basis relied upon to establish the amount of the surcharge (i.e., an amount “equal to the increase in the assessed value of the land reclassified, as determined by the commission or appropriate county land use decision-making authority”), or the criteria used to set that amount, makes it difficult, if not impossible to determine whether this Legislature is legitimately exercising its constitutional power to enact new tax laws in this case, or whether it is merely imposing what may legally amount to be “penalties.” The process proposed to be used to determine the assessed value of the reclassified land is also troubling as a practical matter, since the determination lends itself greatly to the subjectivity of the commission or county land use authority.

3. The bill fails to articulate where and how the revenues generated from the surcharge will be applied and used.

The fact that the intended application and use of the surcharge revenues are not stated in HB 480 is also concerning as it would be impossible in such case to determine whether the bill’s proposal to include the surcharge payments into the State general fund is appropriate. Without such information, audits cannot properly be performed to rightfully make determinations such as whether the surcharge revenue is actually being applied to its intended use(s); whether there continues to be a clear nexus between the benefits sought by the imposition of the surcharge and the surcharge levied upon the landowners seeking reclassification; and whether adjustments to the amount become necessary in the event the revenues generated exceed what is actually necessary to support the initially stated purpose of the surcharge.

4. The proposed measure will halt development and have major negative consequences to the State’s economy. At a time where Hawaii is attempting to encourage economic expansion, and attract development and business operations to the State, HB 480 will create a major disincentive, and will have a substantial - negative impact on the local economy. The measures will also have major negative consequences for many of Hawaii’s large landowners who may be reclassifying large properties for housing developments, programs, or other improvements which would, in turn, serve the community, boost the construction industry, and create needed employment.

In short, the proposed additional cost of doing business in Hawaii as a result of this bill would negatively outweigh any positive revenue impact resulting from the imposition of the surcharge pursuant to this measure.

5. The imposition of the surcharge proposed by this bill will drive up the cost of lands for affordable and market homes, and commercial development.

- The proposed imposition of the surcharge on reclassifications which affect **land intended for housing developments** will be passed on to home buyers, will increase the price of homes, and will exacerbate the affordable housing problem in Hawaii.
- The proposed imposition of the surcharge on reclassifications which affect **commercial properties** will also be passed on to small businesses, creating yet another substantial financial burden on small business owners.

For the reasons stated above, LURF respectfully recommends that **HB 480 be held in this Committee.**

Thank you for the opportunity to provide testimony regarding this proposed measure.

lowen1-Kyli

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 06, 2013 8:44 PM
To: waltestimony
Cc: laluz@maui.net
Subject: Submitted testimony for HB480 on Feb 8, 2013 08:30AM

HB480

Submitted on: 2/6/2013

Testimony for WAL on Feb 8, 2013 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Lucienne de Naie	Individual	Support	No

Comments: Dear chair Evans Please support this bill that will help create additional revenue for the state with minimal administrative costs. Lucienne de Naie Huelo, Maui, Hawaii

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Phone: 808-833-1681 FAX: 839-4167
Email: info@gcahawaii.org
Website: www.gcahawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

February 8, 2013

TO: HONORABLE CINDY EVANS, CHAIR, HONORABLE NICOLE
LOWEN, VICE CHAIR AND MEMBERS OF THE HOUSE
COMMITTEE ON WATER AND LAND

HONORABLE CHRIS LEE, CHAIR, HONORABLE CYNTHIA
THIELEN, VICE CHAIR AND MEMBERS OF THE HOUSE
COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

SUBJECT: **OPPOSITION TO H.B. 480, RELATING TO LAND USE.** Assesses a
surcharge on any land reclassified equal to any increase in the assessed
value of the land resulting from the reclassification.

HEARING

DATE: Friday, February 8, 2013
TIME: 8:30 a.m.
PLACE: Capitol Room 224

Dear Chairs Evans and Lee, Vice Chair Lowen and Thielen and Members of the Committees:

The General Contractors Association (GCA) is an organization comprised of over six hundred (600) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. The GCA's mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

GCA is in **opposition** to H.B. 480, Relating to Land Use. H.B. 480 proposes to assess a surcharge on any land reclassified equal to any increase in the assessed value of the land resulting from the reclassification.

The proposed assessment of a surcharge on reclassified land is inappropriate and improper for a number of reasons, including but not limited to, the fact that this measure fails to provide any reason or justification for the imposition of such an onerous tax, let alone surcharge, especially when it targets a small, limited group; this measure also fails to provide the bases or justification for the surcharge, or any information as to how the amount of the surcharge was determined. This measure also fails to articulate where and how the revenues generated from the surcharge will be applied and used.

The overall effect of this bill will likely detrimentally effect development and any improvements made upon such properties, resulting in major negative consequences to the State's economy. Just as the state's economy and the construction industry is hoping for a turnaround in the economy, it is measures such as these that will further stymie the future of those expectations.

The GCA therefore, requests that this Committee hold H.B. 480. Thank you for this opportunity to present our views on this measure.

February 8, 2013

The Honorable Cindy Evans, Chair
House Committee on Water & Land
State Capitol, Room 325
Honolulu, Hawaii 96813

RE: H.B. 480, Relating to Land Use

HEARING: Friday, February 8, 2013 at 8:30 a.m.

Aloha Chair Evans, Vice Chair Lowen, and Members of the Committee:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,000 members. HAR **opposes** H.B. 480, which assesses a surcharge on any land reclassified equal to an increase in the assessed value of the land resulting from the reclassification.

At a time where Hawaii is attempting to encourage economic expansion and diversification, and attract development and business operations to the State, HAR believes H.B. 480 will create a major disincentive, and will have a substantial negative impact on the local economy. The measures will also have major negative consequences for many of Hawaii's landowner and development community who may be reclassifying large properties for housing developments, programs, or other improvements which would, serve the community, boost the construction industry, and create needed employment.

HAR further believes H.B. 480 will create an additional cost of doing business in Hawaii this bill would negatively outweigh any positive revenue impact resulting from the imposition of the surcharge pursuant to this measure.

For these reasons, HAR respectfully request that this committee hold this measure.

Mahalo for the opportunity to testify.

lowen2-Anosh

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 07, 2013 9:42 AM
To: waltestimony
Cc: jmee@awlaw.com
Subject: Submitted testimony for HB480 on Feb 8, 2013 08:30AM

HB480

Submitted on: 2/7/2013

Testimony for WAL on Feb 8, 2013 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Jim Mee	NAIOP Hawaii	Oppose	No

Comments: On behalf on NAIOP Hawaii, we strongly oppose HB 480. We are the Hawaii chapter of NAIOP, the Commercial Real Estate Development Association, which is the leading national organization for developers, owners and related professionals in office, industrial and mixed-use real estate. The local chapter comprises property owners, managers, developers, financial institutions and real estate related professionals who are involved in the areas of commercial and industrial real estate in the State of Hawaii. Reasons for opposition: 1. We are not aware of any principle of Hawaii or United States law that authorizes government to confiscate the increased value of private property as a condition for allowing development. We doubt such a law would be upheld by the courts. 2. As a practical matter, such a law would pretty much stop all development and land use in the State. For these reasons we strongly oppose this measure. Thank you for the opportunity to present our views. Jim Mee Legislative Affairs Chair NAIOP Hawaii

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Testimony to the House Committee on Water and Land
Friday, February 8, 2013
8:30 am.
State Capital - Conference Room 325

RE: HOUSE BILL 480, RELATING TO LAND USE

Dear Chair Evans and Vice Chair Lowen, and members of the Committee:

I am Christine H.H. Camp, President and CEO of Avalon Development Group, a locally owned small business employing 15 people. I am writing to strongly oppose H.B. No. 480 which proposes to assess a surcharge on any land that is reclassified. The surcharge will be equal to the increase in assessed value of the land resulting from the reclassification.

Properties are generally up-zoned to allow for more efficient use of the property or to be consistent with a community's changing needs. A property can only be up-zoned if the resulting zoning is consistent with State land use, County General Plans or other government mandated uses. Therefore, a property owner is only up-zoning a property to what the State or County had already planned for the property in the first place.

This Bill penalizes property owners who "up-zone" their property to a use that has already been approved by the State or County.

The Bill also does not state the public purpose served by assessing a surcharge - aside from generating additional revenue. Measures already exists to make owners bear the cost of any use or development of their property such as impact fees, connection charges, park dedication fees, affordable housing fees and special district assessments. Furthermore, the more efficient use (through increased densities or property uses) of an up-zoned property results in increased property tax revenues because of the increased assessed values. Such tax revenues can generally be expected to only escalate over time.

As a result, Avalon Development Groups request that this Bill be held in committee.

Thank you very much for the opportunity to express our views on this matter.

Sincerely

Christine Camp
Avalon Development Group



Testimony of Cindy McMillan
The Pacific Resource Partnership

House Committee on Water and Land
Representative Cindy Evans, Chair
Representative Nicole E. Lowen, Vice Chair

House Committee on Energy and Environmental Protection
Representative Chris Lee, Chair
Representative Cynthia Thielen, Vice Chair

HB 480– Relating to Land Use
Friday, February 8, 2013
8:30 am
Conference Room 325

Aloha Chair Evans, Chair Lee and Members of the Committees:

The Pacific Resource Partnership (PRP) is a labor-management consortium representing over 240 signatory contractors and the Hawaii Regional Council of Carpenters.

PRP **opposes** HB 480, Relating to Land Use, which proposes to assess a surcharge on any land reclassification equal to any increase in the assessed value of the land resulting from the reclassification.

First, the proposed measure will halt development and have major negative consequences to the State's economy. At a time when Hawaii is attempting to encourage economic expansion, and attract development and business operations to the State, HB 480 will create a major disincentive and will have a substantial negative impact on the local economy. The measure will also have significant negative consequences for many of Hawaii's large landowners who may be reclassifying large properties for housing developments, programs, and/or other improvements which would, in turn, serve the community, boost the construction industry, and create much needed employment.

Next, the imposition of the surcharge proposed by the bill will drive up the cost of lands for affordable and market homes which will in turn be passed on to home buyers, exacerbating the affordable housing problem in Hawaii.

Finally, the proposed surcharge on reclassifications, which affect commercial developers, will also be passed on to small businesses, creating yet another substantial financial burden on small business owners.

For these reasons, PRP respectfully requests that HB 480 be held in this Committee.

lowen2-Anosh

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 07, 2013 2:25 PM
To: waltestimony
Cc: pono@ponoholo.com
Subject: *Submitted testimony for HB480 on Feb 8, 2013 08:30AM*

HB480

Submitted on: 2/7/2013

Testimony for WAL on Feb 8, 2013 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Harry von Holt	Ponoholo Ranch, Ltd.	Oppose	No

Comments:

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**Testimony to the House Committee on Water and Land
Friday, February 8, 2013
8:30 a.m.
State Capitol - Conference Room 325**

RE: HOUSE BILL NO. 480, RELATING TO LAND USE

Chair Evans, Vice Chair Lowen, and members of the committee:

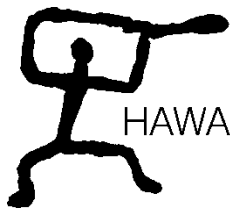
The Chamber of Commerce of Hawaii **opposes H.B. No. 480** which proposes to assess a surcharge on any land reclassified equal to any increase in the assessed value of the land resulting from the reclassification.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

The bill does not identify the specific purpose or intent of this punitive legislation. What public purpose would be served by government forcing a fee from the up-zoning of land in the state? Rational public policy is based on an understanding of governments' role in the land use entitlement process. One of the principle functions of government in exercising its zoning authority is to insure that adequate government infrastructure is in place to accommodate the planned growth in an area. Over time, the payment for much of the infrastructure capacity building has been shifted on to developers through impact fees, connection charges, etc., which ultimately translates into higher costs for the end users.

Without an understanding of the specific purpose or intent of this legislation, it would appear that the bill's objective is to penalize any future owners who up zone their property even if the up zoning has been planned for by the State or County in various General/Development plans. The bill is illogical and should be held in committee.

Thank you for the opportunity to express our views on this matter.



HAWAII LEEWARD PLANNING CONFERENCE

P.O. BOX 2159 • KAMUELA, HAWAII 96743-2159

Testimony in Opposition to HB480
Relating to Land Use: Reclassification
(Assesses surcharge on any land reclassified equal to any increase
in the assessed value of the land resulting from the reclassification)
Hawaii State House of Representatives Committee on Water and Land
Friday, 8 February 2013 – 8:30 a.m.
Conference Room 325

Representative Cindy Evans, Chair
Representative Nicole Lowen, Vice Chair
House Committee on Water and Land

Aloha Chair Evans, Vice Chair Lowen, and Members of the House Committee
on Water and Land,

Hawaii Leeward Planning Conference (HLPC) is a private, membership-based non-profit organization incorporated in 1974 and committed to sound planning and advocacy for long term benefits for our communities. Our members include land owners and agricultural entities as well as, planners, engineers, utilities, financial institutions and others committed to our mission.

We are opposed to HB480 for numerous reasons including and not limited to,

- Failure to provide a justification and/or nexus for the proposed assessment;
- Failure to identify the purpose and/or need for the proposed assessment;
- Failure to identify how revenues generated will be used; and
- Concerns about a plethora of inadvertent consequences including and not limited to increased costs for housing, agriculture and development including such as, renewable energy – all in direct contradiction to policies and initiatives directed at providing affordable housing and supporting Hawaii's food and energy self-sufficiency and security.

We therefore request that HB480 be held in this committee.

Mahalo for allowing us this opportunity to testify on this proposed measure.

Sincerely,

Jacqui L. Hoover, President

FIRST HAWAIIAN BANK, Charter Member
KAMEHAMEHA INVESTMENT CORP., Charter Member
KAMEHAMEHA SCHOOLS, Charter Member
KEALAKEKUA RANCH, Charter Member
LANIHAU PROPERTIES, Charter Member
QUEEN EMMA LAND COMPANY, Charter Member
QUEEN LILI'UOKALANI TRUST, Charter Member
L'ORANGE & ASSOC.
BANK OF HAWAII, 1975
HAWAII LAND COMPANY, 1976
MAUNA KEA RESORT SERVICES, LLC, 1980
R. M. TOWILL CORPORATION, 1983
WEST HAWAII CONCRETE, 1983
KAUPULEHU DEVELOPMENTS, 1985
HELCO, 1988
KAHUA RANCH, 1988
PARKER RANCH, 1988
PONOHOLO RANCH, 1992
WAIMEA WATER SERVICES, LLC 1992
HUALALAI RESORT, 1994
MOOERS ENTERPRISES, 1995
RIEHM OWENSBY PLANNERS ARCHITECTS, 1995
AKINAKA & ASSOCIATES, LIMITED, 1997
CADES SCHUTTE, LLP, 1997
WATER RESOURCES INTERNATIONAL, 1997
ASHFORD & WRISTON, 1999
GREENWELL FARMS, 1999
KAI HAWAII, INC., 2000
KOHALA RANCH DEVELOPMENT CORP., 2000
KTA SUPER STORES, 2000
HPM BUILDING SUPPLY, 2001
SAM O. HIROTA, INC., 2001
IMANAKA KUDO & FUJIMOTO, 2002
MCCORRISTON MILLER MUKAI MacKINNON, 2002
BELT COLLINS HAWAII, LIMITED, 2003
PACIFIC RESOURCE PARTNERSHIP, 2003
PBR HAWAII & ASSOCIATES, 2003
TITLE GUARANTY ESCROW SERVICES, 2003
TSA INTERNATIONAL, 2003
WASTE MANAGEMENT HAWAII, 2003
WILSON OKAMOTO CORPORATION, 2003
DE LUZ ENTERPRISES, INC., 2004
JARDINE INVESTMENT PROPERTIES, LLC 2005
D.R. HORTON, INC., SHULER DIVISION, 2005
BAYS DEEVER LUNG ROSE & HOLMA, 2006
PA'AHANA ENTERPRISES, 2006
RYAN ASSOCIATES, 2006
NORTH HAWAII COMMUNITY HOSPITAL, 2007
W.H. SHIPMAN, LTD., 2007
DE REUS ARCHITECTS, 2008
FERRARO CHOI & ASSOCIATES, LTD., 2008
HUNT COMPANIES, INC., 2009
FOREST CITY HAWAII, 2009
HAWAII WATER SERVICE COMPANY, 2009
LOWNEY CONTRACTING COMPANY, INC., 2009
PUNA GEOTHERMAL VENTURE, 2009
TINGUELY DEVELOPMENT, INC., 2009
HAWAII GAS, 2010
MLC, INC., 2011
RIDER LEVETT BUCKNALL, 2011
ENGINEERING PARTNERS, INC., 2011
GOODDESIGN, 2012
SSFM INTERNATIONAL, 2012
KOHANA KAI SHORES, LLC, 2012
FLEMING & ASSOCIATES, LLC, 2012
YAMAMOTO & SETTLE, LLLC, 2012
PANKOW, 2012
HILTON WORLDWIDE, 2013

Jacqui L. Hoover
President
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MASONS UNION

Local #1 of Hawaii, IUBAC • Local #630, OP & CMIA, AFL-CIO
2251 North School Street • Honolulu, Hawaii 96819
Ph: (808) 841-0491 • Fax: (808) 847-4782



TESTIMONY OF
RICKY Y. TAMASHIRO
PRESIDENT
OF
MASONS UNION
LOCAL 1 HI, IUBAC
LOCAL 630, OPCMIA

February 7, 2013

RE: BILL HB480
RELATING TO LAND USE
HOUSE LAND AND WATER COMMITTEE MEETING
FRIDAY, FEBRUARY 8, 2013
CONFERENCE ROOM 325

Dear House Land and Water Committee Members:

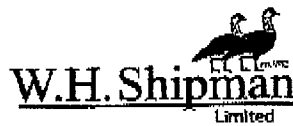
I am Ricky Y. Tamashiro, President of the Masons Union, Local 1 HI, IUBAC and Local 630, OPCMIA.

I am writing along with Nolan G. Moriwaki, Financial Sec-Treas/Business Manager in opposition of Bill HB480.

The Masons Union and many other Unions as you know have been in a construction slump for the last several years. We do not want this slump to continue due this proposed measure of Bill 480. This bill will have enormous consequences for housing development now and in the future. Any positive revenue that Hawaii was expecting would be negatively impacted along with the cost of doing business.

Our members are anxiously awaiting work. With this Bill 480 we don't see any boost for the construction industry or any creation of needed employment. The people of Hawaii dreams of buying a home someday, the additional cost of this Bill 480 will be passed on to these future home buyers making it impossible to become a homeowner, and the issue of trying to find land and build affordable housing will only be magnified.

Thank you for the opportunity to provide testimony in opposition of Bill HB480.



February 7, 2013

Representative Cindy Evans, Chair
Representative Nicole Lowen, Vice Chair
House Committee on Water and Land

RE: Testimony in Opposition to HB 480 Relating to Land Use; Reclassification
(Assesses surcharge on any land reclassified equal to any increase in the
assessed value of the land resulting from the reclassification.)

Friday, February 8, 2013, 8:30 a.m., in Conference Room 325

Honorable Committee Members:

HB 480 proposes that a portion of any increase in the value of land resulting from its reclassification be remitted by the land owner to the State. In this particular case, the amount to be remitted would be equal to 100% of the increased value. In considering this legislation, we encourage that the following be considered:

1. The cost in time, effort and finances to reclassify land is considerable. We have been told that the cost of reclassifying (or simply moving a designation from one area to another – a move of less than ½ a mile) would cost approximately \$1 million to the various consultants including archeologists, land use specialists, etc. This amount does not take into account internal management and staff time dedicated to this cause, community meetings, and the like. These costs are material, significant and taken at no small risk of failure in today's environment. Having spent these dollars, taken this time and risk, is it then reasonable for the State to take a portion – up to 100% - of the added value to the land? While it can be argued that the value is given by the State's action – the reality is that the State's action is the final result of risk and effort taken by the landowner.
2. Reclassification of land at the State level is only the first step in the process that leads to a different use of the land. Following reclassification, the landowner must then:
 - a. Ensure that the County General Plan is in line with the desired new use of the land.
 - b. Ensure that the Community Development Plan is in line with the change in classification.
 - c. Achieve rezoning at the County level.



- d. Interesting a developer to develop the land based on the changes above. The developer must, then, find financing to build out, market and sell the land
 - e. Even this is a shortened version of all that must be done before the land is put to new use. The process inevitably takes many years, serious coordination and significant financial and staff resources.
3. Until and unless all of the above steps are accomplished there is no real value to the reclassification of the land. There is, at best, speculative value added at each step – but such speculative value can be very difficult to monetize.

Beyond the above there are several assumptions that are inherent in the legislation. These include:

1. The landowner receives and can monetize value at the time of reclassification. As noted above, this is at best speculative and generally is not the case.
2. It is the landowner alone or primarily who benefits from – and thus should pay for – the increase in the value of the land. The reality is that the community at large benefits from such reclassifications. Were this not the case, the weight of the system (note above) would kill the proposal. We all understand this by observation of what is going on in our State when it comes to development.
3. The State by taking the action has itself and only itself generated the value of the reclassification and thus is the rightful recipient of the added value.
4. The State and other government authorities have this and only this opportunity to benefit from the reclassification, thus the State must take the entire value at the outset. The reality is that the State will benefit throughout the life of the project. It will gain GET for each job paid for in development (just as it has in all the work preceding the development). The State will benefit from every sale made over the entire life of the project. The State is likely to benefit from required infrastructure put in by the developer to support the project. The County, meanwhile, will gain in many of the same ways but additionally into perpetuity from the increased value of the land and hence increased RPT.

Finally, we ask that you consider the, possibly unintended, consequences of such legislation. Those will include:

1. Significant reduction in any development within the State. Even if one is generally opposed to further development, a State growing in its population needs a regular stream of development to support this growth. A State with a growing appetite for State services needs a growing base of revenue.



Frankly, more revenue is likely to be lost by this legislation than to be gained by the imposition of this tax.

2. A continued and enhanced reputation for being unfriendly to those interested in advancing the economic state of the State. Investors will find this as yet another reason to take their dollars elsewhere.
3. A significant increase in the value of land already classified. This creates a windfall for such lands. The windfall will result in an ever increasing cost to build anything on any lands within the State.

Based on the above, we request that this legislation be set aside.

Respectfully yours,,

Bill Walter
President

LA'IE COMMUNITY ASSOCIATION

www.laiecommunityassociation.org

February 7, 2013

Via Fax to 808-586-6501

House Committee on Water & Land

Rep. Cindy Evans, Chair

Rep. Nicole E. Lowen, Vice Chair

Re: H.B. 480 (Re: Land Use)

Testimony In Opposition

Hearing: Friday, February 8, 2013, 8:30 a.m., Conf. Rm. 225

Chair Evans, Vice Chair Lowen and Committee Members:

Aloha, and thank you for the opportunity to testify in opposition to House Bill 480 on behalf of the Laie Community Association - a non-profit organization on Oahu - and the residents of our community whom we represent. We strongly oppose this bill which would assess a surcharge on land reclassification equal to any increase in the assessed value of the land resulting from the reclassification.

While this bill may be well-intentioned, it would threaten worthy community sustainability projects that could provide much needed affordable housing in Hawaii, including here in our local community.

Local land manager, Hawaii Reserves, Inc., and our community, have been exploring ways to facilitate a workforce affordable housing project in a "sustainable affordable development". The project would take place on land that is currently classified as agricultural and would first need to be reclassified for residential use. Sustainable affordable development projects require that 30% of the units must be affordable to persons in the county's median income range, and the sales price of at least 51% of the residential lots must be no higher than 80% of the fair market value of the lots in fee (see H.R.S. 516-1).

This kind of affordable development project is exactly what our community wants and needs. However, if a surcharge is assessed on reclassified lands, that charge will be added to the total cost of the project making it even more difficult for a developer to successfully create workforce affordable housing for our community.

Housing affordability and economic sustainability are the top concerns for residents in our region - if passed this bill could stop the creation of much needed affordable housing in our community.

For these reasons and others we respectfully request that you hold H.B. 480.

Mahalo,



Pane Meatoga, Jr.
LCA President