



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

HOUSE COMMITTEE ON FINANCE

Monday, April 4, 2022
1:30 PM

State Capitol, Conference Room 308 & Videoconference

In consideration of
SB3334, SD2, HD1
RELATING TO GOVERNMENT OPERATIONS.

Chair Luke, Vice Chair Yamashita and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports the intent of SB3334, SD2, HD1, which establishes the DBEDT director or designee 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 on July 1, 2023, transfers 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 11 of this measure as it relates to the issuance of the general obligation bonds.

Thank you for the opportunity to testify.



**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

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DAVID Y. IGE
GOVERNOR

SUSAN TODANI
CHAIRPERSON

CRAIG NAKAMOTO
INTERIM EXECUTIVE DIRECTOR

Statement of
CRAIG NAKAMOTO
Interim Executive Director
Hawaii Community Development Authority
before the
HOUSE COMMITTEE ON FINANCE

Monday, April 4, 2022
1:30 P.M.
VIA Videoconference, State Capitol, Conference Room 308

In consideration of
SB 3334, SD2, HD1
RELATING TO GOVERNMENT OPERATIONS.

Chair Luke, Vice Chair Yamashita, and members of the Committee. The Hawaii Community Development Authority (HCDA) **supports SB 3334, SD2, HD1.**

This measure streamlines state operations by placing similar functions under the purview of one agency, for efficiency and cost savings.

We will be glad to answer any questions. Thank you for the opportunity to testify in support.



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

Date: 04/04/2022

Time: 01:30 PM

Location: 308 Via Videoconference

Committee: House Finance

Department: Education

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

Title of Bill: SB 3334, SD2, HD1 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, stadium authority, and school facilities authority board. Repeals the exemption for the stadium development special fund from the departmental administrative expenses assessment. Transfers the stadium authority from the department of accounting and general services to the department of business, economic development, and tourism. Amends the composition of the stadium authority. Reduces the amount of general obligation bonds that may be issued for the stadium development district. On 7/1/2023, transfers the school facilities authority from the department of education to the department of business, economic development, and tourism. Effective 10/18/2050. (HD1)

Department's Position:

The Hawaii State Department of Education (Department) provides comments on SB 3334, SD2, HD1.

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.

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
HOUSE COMMITTEE
ON
FINANCE

MONDAY, APRIL 4, 2022, 1:30 P.M.
VIA VIDEOCONFERENCE, STATE CAPITOL ROOM 308

S.B. 3334, S.D. 2, H.D. 1

RELATING TO GOVERNMENT OPERATIONS

Chair Luke, Vice Chair Yamashita, and Members of the Committee, thank you for the opportunity to testify on S.B. 3334, S.D. 2, H.D. 1. The Department of Accounting and General Services (DAGS) supports the overall intent of this bill and offers the following comments.

DAGS is concerned that Section 14 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 14 be revised as follows:

“SECTION 14. 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 also understands the legislature's intent to increase the State's ability to exercise broader control over the stadium development district's development regulations and requirements, especially with regard to zoning. DAGS has convened with the Stadium Authority and Hawaii Community Development Authority (HCDA) to consider this intent, and we support this initiative provided the timing for implementation ensures the maximum effective administration of the entire district to achieve sustainability, to implement development as expediently as possible, and to deliver an overall vision that best serves the community and Hawaii's residents and visitors.

To that end, as a result of our collaborative efforts, DAGS proposes the insertion of a new Part V into this bill for delayed July 1, 2025, implementation of the necessary action as follows:

PART V

SECTION 24. The purpose of this part is to establish the stadium community development district, effective as of July 1, 2025. The authority shall be the local redevelopment

agency, to redevelop, renovate, or improve the lands within the stadium community development district in a manner that will provide suitable recreational, residential, educational, and commercial areas, where the public can live, congregate, recreate, attend schools, and shop, as part of a thoughtfully integrated experience.

SECTION 25. Chapter 206E, Part IX, Hawaii Revised Statutes, is hereby amended to read as follows:

“Part IX. Stadium Community Development District”

SECTION 26. Chapter 206E-221, Hawaii Revised Statutes, is hereby amended to read as follows:

“§206E-221 Stadium community development district; purpose; findings. The legislature finds that the aloha stadium and lands under the jurisdiction of the stadium authority, under chapter 109, Hawaii Revised Statutes, and ~~[department of accounting and general services]~~ department of business, economic development, and tourism are underutilized. ~~[The stadium facility has been in dire need of significant repair and maintenance for many years. The stadium authority has considered repairing, upgrading, and replacing the existing facility to optimize the public's enjoyment and ensure public safety.]~~ Redeveloping, renovating, or improving these public lands in a manner that will provide suitable recreational, residential, educational, and commercial areas, where the public can live, congregate, recreate, attend schools, and shop, as part of a thoughtfully integrated experience, is in the best interests of the State and its people.

This part establishes the stadium community development district to make optimal use of public land for the economic, residential, educational, and social benefit of the people of Hawaii.

The legislature finds that the jurisdiction of the authority shall include development within the stadium community development district. ~~[Any development within the district shall require a permit from the authority.]~~

SECTION 27. Chapter 206E-222, Hawaii Revised Statutes, is hereby amended to read as follows:

“§206E-222 Definitions. As used in this part~~[, unless the content otherwise requires]~~:

~~["Authority" or "stadium authority" means the stadium authority established pursuant to section 109-1.]~~

"District" means the stadium community development district established by this part.

"Fund" means the stadium community development district special fund."

SECTION 28. Chapter 206E-223, Hawaii Revised Statutes, is hereby amended to read as follows:

“§206E-223 District; established; boundaries. (a) The stadium community development district is established. ~~[and shall be composed of all real property under the jurisdiction of the stadium authority established pursuant to section 109-1. The stadium authority shall have sole jurisdiction over the development of the stadium development district.]~~ The district shall comprise the following properties, identified by their Oahu tax map key numbers: TMK (1)9-9-003:055; TMK (1)9-9-003:061; TMK (1)9-9-003:070; and TMK (1)9-9-003:071.

(b) The authority shall serve as the local redevelopment authority of the district ~~[facilitate the development of all property belonging to the State within the district; provided that development is carried out in accordance with any county transit-oriented development plans [for lands surrounding the district].~~ In addition to any other duties that the authority may have pursuant to this chapter, the authority's duties shall include:

- (1) Coordinating with the federal government regarding the ownership and use of, or restrictions on, properties within the district that were previously owned or are currently owned by the federal government;
- ~~[(2) Coordinating with other state entities during the conveyance of properties and conducting remediation activities for the property belonging to the State within the district;]~~
- ~~[(3)]~~(2) Developing the infrastructure necessary to support the development of all property belonging to the State within the district; and
- (4) Providing, to the extent feasible, maximum opportunity for the reuse of property belonging to the State within the district by private enterprise or state and county government.”

SECTION 29. Chapter 206E-224, Hawaii Revised Statutes, is hereby amended to read as follows:

“§206E-224 Development guidance policies. The following shall be the development guidance policies generally governing the authority's actions in the district:

- (1) Development shall be in accordance with ~~[stadium development district development plans or]~~ county transit-oriented development plans, unless modified by the authority pursuant to paragraph 2 ~~[adopted by the stadium authority for the development of the district; provided that the plan or plans shall consider any county transit-oriented development plan and allow for public input in the plan's preparation and updates;]~~
- (2) The authority~~[, upon the concurrence of a majority of its voting members,]~~ may modify and make changes to a transit-oriented development plan with respect to the

district to respond to changing conditions; provided that before amending a transit-oriented development plan, the authority shall conduct a public hearing to inform the public of the proposed changes and receive public input;

- (3) The authority shall seek to promote economic development and employment opportunities by fostering diverse land uses and encouraging private sector investments that use the opportunities presented by the high-capacity transit corridor project consistent with the needs of the public, including mixed-use housing and housing in transit-oriented developments;
- (4) The authority may engage in planning, design, and construction activities within and outside the district; provided that activities outside the district shall relate to infrastructure development, area-wide drainage improvements, roadway realignments and improvements, business and industrial relocation, and other activities the authority deems necessary to carry out development of the district and implement this part. The authority may undertake studies or coordinate activities in conjunction with the county and appropriate state agencies and may address facility systems, industrial relocation, and other activities;
- (5) Archaeological, historic, and cultural sites shall be preserved and protected in accordance with chapter 6E;
- (6) Endangered species of flora and fauna shall be preserved to the extent required by law;
- (7) Land use and development activities within the district shall be coordinated with and, to the extent possible, complement existing county and state policies, plans, and programs affecting the district; and

- (8) Public facilities within the district shall be planned, located, and developed to support the development policies established by this chapter for the district and rules adopted pursuant to this chapter.”

SECTION 30. Chapter 206E-225, Hawaii Revised Statutes, is hereby amended to read as follows:

“§206E-225 Stadium community development district governance; memorandum of agreement. [~~Notwithstanding sections 206E-3 and 206E-4.1, the stadium authority established pursuant to section 109-1 shall have sole jurisdiction regarding matters affecting the stadium development district; provided that~~] I[t]he Hawaii community development authority, department of accounting and general services, county agencies, and stadium authority [~~shall~~] may enter into a memorandum of agreement regarding the implementation of responsibilities of the respective agencies regarding the district.”

SECTION 30. Chapter 206E-226, Hawaii Revised Statutes, is hereby amended to read as follows:

“§206E-226 Annual comprehensive report. Not less than twenty days prior to the convening of each regular session of the legislature, the authority shall submit to the legislature an annual comprehensive status report on the progress of development and other activities within the stadium community development district.

SECTION 31. A new Section 206E-____, Hawaii Revised Statutes, is hereby added to Chapter 206E, Part IX, to read as follows:

§206E- Stadium community development district special fund. (a) There is established in the state treasury the stadium community development district special fund, into which shall be deposited:

(1) All revenues, income, and receipts of the authority for the district, notwithstanding any other law to the contrary, including section 206E-16;

(2) Moneys directed, allocated, or disbursed to the district from government agencies or private individuals or organizations, including grants, gifts, awards, donations; and

(3) Moneys appropriated to the fund by the legislature.

(b) Moneys in the fund shall be used only for the purposes of this part.

(c) Investment earnings credited to the assets of the fund shall become part of the fund.”

Further, page 29, lines 6 – 10 shall be revised to read:

PART VI

SECTION [24]32. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION [25]33. This Act shall take effect on October 18, 2050; provided that part IV shall take effect on July 1, 2023[-]; and provided that part V shall take effect on July 1, 2025.

The reason for this delayed implementation is that DAGS’ long-established collaborative relationship with the City and County of Honolulu and key stakeholders that has led to adoption of the Halawa Area Transit Oriented Development Plan and preparation for timely approval of the

zoning necessary to implement development of the current Stadium Development District will ensure our current progress will continue to the award of both the stadium and real estate projects in 2023, with potential construction beginning within the year, without the added risk and confusion of changing governance and zoning procedures in this critical procurement period of engagement with our Priority Listed Respondents (PLRs) for the stadium project and Priority Listed Offerors (PLOs) for the real estate project.

It is also DAGS' understanding that implementing a new community district under the Hawaii Community Development Authority (HCDA) will require the promulgation of rules in accordance with Chapter 91, HRS, before HCDA will be able to consider establishing zoning and district policies that will define what kind of development will be permitted. This is anticipated to take, on average, two years. If implemented this year, this delay will stymy the current, on-going efforts to procure the stadium and real estate projects, at best, or outright terminate the procurements altogether if the PLRs and/or the PLOs choose not to continue to expend resources waiting for this action to be complete.

Delayed implementation of the proposed Part V would provide optimum timing for our procurements to progress most expediently to award, and for the selected developers to more actively and directly participate in the future proposed zoning actions with the state in 2025.

DAGS further supports the Stadium Authority for additional concerns with regard to Section 6 and its potential negative impact to the successful sustainability of the district.

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 ECONOMIC DEVELOPMENT

April 4, 2022
1:30 P.M.
State Capitol
via videoconference

In consideration of
SENATE BILL NO. 3334 SD2 HD1
RELATING TO GOVERNMENT OPERATIONS

Aloha Chair Luke, Vice Chair Yamashita, and members of the Committee on Finance.

The Hawai'i Tourism Authority appreciates the opportunity to offer comments on SB3334 SD2, 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 SD2 HD1. Mahalo.

DAVID Y. IGE
GOVERNOR

CURT T. OTAGURO
COMPTROLLER

ROSS I. YAMASAKI
CHAIRMAN, STADIUM AUTHORITY

RYAN G. ANDREWS
STADIUM MANAGER



An Agency of the State of Hawaii

TESTIMONY
OF
RYAN G. ANDREWS, MANAGER
ALOHA STADIUM
STADIUM AUTHORITY
TO THE
HOUSE COMMITTEE
ON
FINANCE

APRIL 4, 2022, 1:30 P.M.
BY VIDEO CONFERENCE,
CONFERENCE ROOM 308

S.B. 3334, S.D.2, H.D.1

RELATING TO GOVERNMENT OPERATIONS

Chair Luke, Vice Chair Yamashita, and members of the committee, thank you for the opportunity to submit this testimony in support of the intent of this measure, as well as support proposed language that addresses several key development areas that the Stadium Authority, the Department of Accounting and General Services (DAGS), and the Hawaii Community Development Authority (HCDA) have collaboratively deliberated over and to which the group has reached consensus.

To elaborate on the product of our multi-agency collaboration, respectfully, we defer to DAGS' testimony that includes proposed language to address and facilitate compliance with regulatory zoning, related timeline(s) and potential challenges, as well as, leveraging existing authority on development to maximize opportunities that will effectively facilitate meeting the project's goals and objectives.

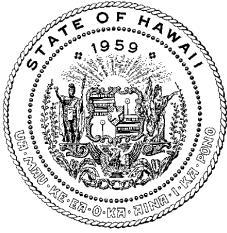
Further, there is one additional area of concern noted below that the Stadium Authority is respectfully requesting support from the Legislature in retracting the proposed action to repeal the Stadium Authority's existing exception on paying the Departmental Administrative Expense Assessment:

Part III -Section 6., Section 36-30 (a). The proposed repeal of subsection (28) removes the existing exception of the departmental administrative expense assessment on the Stadium

Development Special Fund. This proposed change has an exacerbating negative financial impact on a program that is already operating in a scaled down, constricted mode of operation that limits its ability to generate revenue, and in turn, hampers continued financial solvency. By repealing the existing exception, the Stadium Authority would be required to redirect its limited operating funds to address an administrative assessment, whereas these same funds could otherwise be used to address its operating costs during the demolition, construction, and property development period. This period is expected to be an extremely sensitive financial period where the Stadium Authority's ability to generate revenue will be limited resulting in revenue generation being an extremely sensitive and potentially volatile situation.

If there is a critical period in which the Stadium Authority could benefit from any type of financial relief it would be from the present through the next 15 years (2038). The New Aloha Stadium Entertainment District (NASED) is projected to require a minimum timespan of 15 years before reaching the earliest point of stable financial maturity. At the 20-year benchmark, it is projected that the entire NASED project will be completed and the Stadium Authority will be in a better position to determine whether it can address its share of assessments; and until that time, we ask for consideration in allowing the Stadium Authority to continue with the exception from paying the Departmental Administrative Expense Assessment through fiscal year 2038.

On behalf of the Stadium Authority, 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 comments and DAGS' proposed language that we defer to in this testimony. Thank you for the opportunity to provide this testimony on S.B. 3334, S.D.2., H.D.1.



SCHOOL FACILITIES AUTHORITY

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

IN REPLY REFER TO: **SB3334 FIN**

April 4 2022

1:30 P.M.

State Capitol, Capitol Room 308/Teleconference

S.B. 3334, S.D. 2, H.D. 1 RELATING TO GOVERNMENT OPERATIONS

House Committee on Finance

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

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. 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.

However, if this committee is inclined to advance this measure with Part IV as is, the SFA is concerned that the transfer of functions and duties set forth in Section 20 is too broad and may have unintended adverse consequences. This section states: "All rights, powers, functions, and duties of the department of education as they relate to the school facilities authority are transferred to the department of business, economic development, and tourism." This provision could have the effect of no longer requiring the DOE to perform certain duties that are necessary for the SFA to do its work. Two such examples are Hawaii Revised Statutes (HRS) 302A-1705(a), which states that, at the request of the SFA, the DOE shall transfer any land to which it holds title to the authority, and HRS 302A-1706(a)(3), which requires that any moneys received by the DOE in the form of a grant, gift, endowment, or donation for the development, planning, or construction of new school facilities or major renovations of school facilities be deposited into the School Facilities Special Fund. Therefore, the SFA requests that the bill be amended to ensure that any rights, powers, functions, and duties of the DOE that allow the SFA to perform its functions should remain with the DOE, and should not be transferred to DBEDT.

Thank you for the opportunity to provide these comments.