

STAND. COM. REP. NO. 477

Honolulu, Hawaii

FEB 13 2025

RE: S.B. No. 583

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committees on Economic Development and Tourism and Government Operations, to which was referred S.B. No. 583 entitled:

"A BILL FOR AN ACT RELATING TO NAMING RIGHTS,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Allow the naming rights of any state-owned facility to be sold or leased to any public or private entity; and
- (2) Require any revenues derived from advertising or marketing in or on any state-owned facility to be deposited into the appropriate special fund of the state agency that owns the facility or into the general fund if no appropriate special fund exists.

Your Committees received testimony in support of this measure from the Stadium Authority and Hawai'i Tourism Authority.

Your Committees received testimony in opposition to this measure from the Outdoor Circle and one individual.

Your Committees received comments on this measure from the Department of Budget and Finance.



Your Committees find that with rising costs of goods and services and the increasing reliance of residents on local, rather than federal, services, it is critical that the State capitalize on new, innovative methods of revenue generation to operate at maximum functionality. By allowing the sale or lease of naming rights to state-owned facilities, this measure offers a simple additional revenue stream that the State can use to cover costs and furnish services to the public.

Your Committees note the concerns raised in testimony by the Department of Budget and Finance that if the sale or lease of naming rights pertained to a state-owned facility that was developed using proceeds from tax-exempt bonds, it may be deemed a violation of the Internal Revenue Code that restricts the private business use of tax-exempt bond proceeds or bond-financed property. This could jeopardize the tax-exempt status of the bonds, resulting in significant adverse consequences to the bondholders and causing the State to take costly remedial actions.

Your Committees also note the discussion held during the hearing on this measure regarding the adoption of a global-type process under which the State would retain the naming rights but obtain public input on, for example, the content, placement, and scope of billboards.

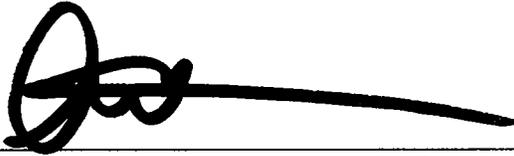
Your Committees find that these issues merit further consideration and respectfully request that subsequent Committees to which this measure is referred examine these matters.

Your Committees have amended this measure by inserting an effective date of July 1, 2050, to encourage further discussion.

As affirmed by the records of votes of the members of your Committees on Economic Development and Tourism and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 583, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 583, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Economic
Development and Tourism and
Government Operations,



ANGUS L.K. MCKELVEY, Chair



LYNN DECOITE, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Economic Development and Tourism
EDT

Bill / Resolution No.:*	Committee Referral:	Date:		
SB583	EDT/GVO, WAM	2/11/2025		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DECOITE, Lynn (C)	✓			
WAKAI, Glenn (VC)	✓	✓		
FUKUNAGA, Carol	✓	✓		
KIM, Donna Mercado	✓			
AWA, Brenton			✓	
TOTAL	3	1	1	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:* SB583	Committee Referral: EDT/GVO, WAM	Date: 2-11-25
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The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye ✓	Aye (WR)	Nay	Excused
MCKELVEY, Angus L.K. (C)	✓			
GABBARD, Mike (VC)	✓			
MORIWAKI, Sharon Y.				✓
SAN BUENAVENTURA, Joy A.			✓	✓
FEVELLA, Kurt				
TOTAL	2	1	—	2

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:


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***Only one measure per Record of Votes**