

STAND. COM. REP. NO.

1557

Honolulu, Hawaii

APR 10 2015

RE: H.B. No. 1366
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 1366, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO STATE ACQUISITION OR DEVELOPMENT OF REAL PROPERTY,"

begs leave to report as follows:

The purpose and intent of this measure is to identify and acquire or build additional office space in urban Honolulu to accommodate state governmental agencies and offices.

Specifically, the measure:

- (1) Appropriates moneys to identify, plan, and acquire or build upon real property in urban Honolulu to provide office space for state governmental agencies and offices; and
- (2) Requires the Department of Accounting and General Services to undertake lease buyback processing under the program of centralized engineering and office leasing services, facilitate facility agreements between the State and private investors, and conduct an inventory of all leases of property to state agencies.

Your Committee received written comments in opposition to this measure from two individuals.



For purposes of a public hearing on this measure, your Committee circulated a Proposed Senate Draft 2 and notified the public that it would be accepting testimony on the proposed draft. The proposed draft deletes the contents of Senate Draft 1 and inserts language that appropriates moneys for:

- (1) The Department of Land and Natural Resources to plan for and acquire the leasehold interest in TMK (1) 2-1-017-008 and acquire the building thereon, known as Alii Place; and
- (2) The Department of Accounting and General Services to pay the first two years of debt service if and when the acquisition is accomplished.

Under the proposed draft, if the Department of Land and Natural Resources acquires the leasehold and building, the Department of Accounting and General Services will manage the property in accordance with section 26-6(b)(6), Hawaii Revised Statutes.

Your Committee received testimony in support of the proposed draft from the Department of Land and Natural Resources.

Your Committee finds that as recently as December 2014, the State was leasing approximately 420,888 square feet of office space in downtown Honolulu, costing approximately \$10,150,000 annually in lease rent. Your Committee further finds that, because of demands for services, many state agencies and offices are outgrowing existing office space and aging infrastructure. Your Committee believes that acquiring and developing Alii Place for state offices will benefit the State and the public by centralizing the location of state services and ultimately reducing the cost of providing office space for state agencies and offices.

Upon consideration, your Committee has adopted the proposed draft. In addition, your Committee has further amended this measure by:

- (1) Inserting the three tax map key numbers that apply to Alii Place; and



- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

Your Committee notes that, during the public hearing on this measure, a member of your Committee commented that, as this measure moves forward, there should be a consideration of the funding source for maintenance costs for the building at Alii Place, including consideration of public-private partnerships. The member further observed that moneys need to be set aside for a repair and maintenance reserve and for capital renewal.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1366, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1366, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



JILL N. TOKUDA, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB1366, SDL	Committee Referral: GVO, WAM	Date: 4/6/15		
<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
TOKUDA, Jill N. (C)	✓			
KOUCHI, Ronald D. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
GALUTERIA, Brickwood				✓
HARIMOTO, Breene	✓			
INOUYE, Lorraine R.	✓			
RIVIERE, Gil	✓			
RUDERMAN, Russell E.	✓			
SLOM, Sam			✓	
TOTAL	9	0	1	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">  </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes