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Honolulu, Hawaii

MAR 24 2017

RE: H.B. No. 1479
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committees on Economic Development, Tourism, and
Technology and Water and Land, to which was referred H.B.
No. 1479, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE HILO COMMUNITY ECONOMIC
DISTRICT,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the Hilo Community Economic Development District as a community development district under the Hawaii Community Development Authority (HCDA);
- (2) Establish guidance policies and lease restrictions for the Hilo Community Economic Development District;
- (3) Establish a Hilo community economic revolving fund to collect revenue, income, and receipts of the HCDA for the Hilo Community Economic Development District, to be expended for the District, except for a portion to be transferred to the special land and development fund;
- (4) Subject the measure to any laws that provides for the Office of Hawaiian Affairs' pro rata portion of the public land trust;



- (5) Require the Governor to appoint three voting members to the HCDA to represent the Hilo Community Economic Development District and establish the HCDA members who may be considered in determining quorum and majority for matters affecting the District; and
- (6) Appropriate funds for the establishment and administration of the Hilo Community Economic Development District, including the hiring of staff and operating costs.

Your Committees received testimony in support of this measure from the ILWU Local 142, Hawaii LECET, Hilo Medical Center, Chika Nakano Repair Shop, KIAA, Hawaii Island REALTORS, Hawaii Government Employees Association, and twenty-three individuals. Your Committees received comments on this measure from Department of Budget and Finance and County of Hawaii Planning Department.

Prior to the hearing on this measure, your Committees posted and made available for public review a proposed S.D. 1, which amends this measure by:

- (1) Changing the name of the district to the Hilo Community Economic District (District);
- (2) Amending the boundaries of the District;
- (3) Requiring seven, rather than three, members to be appointed by the Governor as voting members of the HCDA to represent the District and amending the requirements for those members;
- (4) Amending the lease restrictions for the District;
- (5) Amending the portion of revenue, income, and receipts in the Hilo community economic revolving fund to be transferred to the special land and development fund;
- (6) Deleting language that subjected the measure to any laws that provides for the Office of Hawaiian Affairs' pro rata portion of the public land trust;



- (7) Deleting the appropriation;
- (8) Inserting language to require the HCDA to engage in discussions with the County of Hawaii to determine the feasibility of the County of Hawaii assuming redevelopment powers and duties over the lands within the District as a redevelopment area or establishing a special improvement district that encompasses the lands within the District; and
- (9) Inserting a sunset date of the earliest of June 30, 2037; the inclusion of the lands within the District within a redevelopment area; or the establishment of a special improvement district that encompasses the lands within the District.

Your Committees received testimony in support of the proposed S.D. 1 from the University of Hawaii System, Chamber of Commerce Hawaii, and McCully Works. Your Committees received comments on the proposed S.D. 1 from the Department of Land and Natural Resources and Hawaii Community Development Authority.

Your Committees find that the State has a fiduciary duty to manage state lands in the best interests of the public by enhancing state revenues and promoting the social, environmental, and economic well-being of Hawaii's people. As the majority landowner in East Hawaii, the State has an enormous influence on the vision, economic development, and overall success of the East Hawaii community. Your Committees further find that Hilo has the potential for increased growth that can improve workforce and affordable housing, parks and open space, public facilities, and commercial, industrial, and hotel facilities. Your Committees conclude that the establishment of the seven representatives on the HCDA and amendments contained in the proposed S.D. 1 will help support crucial economic growth and development in the Hilo area.

Your Committees have amended this measure by adopting the proposed S.D. 1 and further amending the measure by:

- (1) Inserting language to require HCDA, prior to granting or renewing a lease of land within the District that was or is currently leased for a term of sixty-five years in the aggregate, to dispose of the land at public auction,



and to allow the relinquishing lessee to bid on the new lease; and

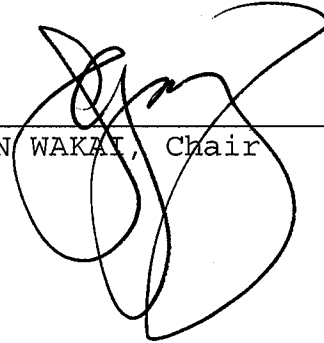
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Economic Development, Tourism, and Technology and Water and Land that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1479, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1479, H.D. 2, 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, Tourism, and
Technology and Water and Land,



KARL RHOADS, Chair



GLENN WAKAI, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i


Record of Votes
Committee on Economic Development, Tourism, and Technology
ETT

Bill / Resolution No.:* HB 1479 HD2	Committee Referral: ETT/NTL, NAM	Date: 3/20/17		
<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
WAKAI, Glenn (C)	✓			
TANIGUCHI, Brian T. (VC)				✓
BAKER, Rosalyn H.				✓
GALUTERIA, Brickwood	✓			
THIELEN, Laura H.	✓			
TOTAL	3			2
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
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Water and Land
WTL

Bill / Resolution No.:* HB1179, HD2	Committee Referral: ETT/WTL, WAM	Date: 03-20-2017		
<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
RHOADS, Karl (C)	/			
GABBARD, Mike (VC)				/
INOUYE, Lorraine R.		/		
KIM, Donna Mercado				/
THIELEN, Laura H.	/			
TOTAL	2	1	-	2
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				

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