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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 ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

AND

COMMITTEE ON EDUCATION

March 18, 2022
3:00 P.M.
State Capitol
via videoconference

In consideration of
HOUSE BILL NO. 2470 HD2
RELATING TO GOVERNMENT OPERATIONS

Aloha Chair Wakai, Chair Kidani, Vice Chair Misalucha, Vice Chair Kim, and members of the Committee on Energy, Economic Development, and Tourism and the Committee on Education,

The Hawai'i Tourism Authority appreciates the opportunity to offer comments on HB2470 HD2, 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 has and continues to work closely with the Director and his team. We welcome the Director or the Director's designee's membership on our board to further deepen the relationship and involvement in the policy and oversight discussions that take place as part of the board operations.

We appreciate the opportunity to provide these comments on HB2470 HD2. Mahalo.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON ENERGY, ECONOMIC DEVELOPMENT, AND
TOURISM AND EDUCATION
ON
HOUSE BILL NO. 2470, H.D. 2

**March 18, 2022
3:00 p.m.
Room 229 and Videoconference**

RELATING TO GOVERNMENT OPERATIONS

The Department of Budget and Finance (B&F) offers the following comments on this bill. B&F defers to the appropriate departments and agencies on the main subject matters of this bill.

House Bill (H.B.) No. 2470, H.D. 2, did not include the amendment to Section 6 of Act 268, SLH 2019, as amended, to increase the general obligation (G.O.) bond appropriation for the Stadium Development District from \$170,000,000 to \$350,000,000 in FY 20 contained in earlier drafts. Instead, as stated in the committee report, language was inserted into H.B. No. 1600, H.D. 1, purporting to amend Section 6 of Act 268 to reduce the appropriation amount from \$170,000,000 to \$10,000,000. B&F notes that an amendment to an appropriation originally made outside of a budget bill cannot be done in H.B. No. 1600, H.D. 1. Therefore, B&F suggests that the Committee insert this language into this bill as follows:

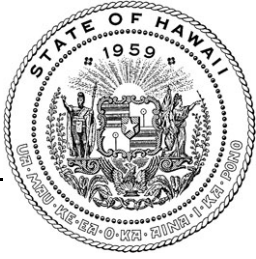
“SECTION __. Act 268, Session Laws of Hawaii 2019, section 6, as amended by section 5 of Act 4, Session Laws of Hawaii 2020, as amended by section 18 of Act 146, Session Laws of Hawaii 2021, is amended to read as follows:

“SECTION 6. The director of finance is authorized to issue general obligation bonds in the sum of [~~\$170,000,000~~] \$10,000,000 or so much thereof as may be necessary and the same sum or so much thereof as may be necessary is appropriated for fiscal year 2019-2020 to the stadium authority for the stadium development district; provided that the appropriation made for the capital improvement project authorized by this section shall not lapse at the end of the fiscal year for which the appropriation is made; provided further that all moneys from the appropriation unencumbered as of June 30, 2024, shall lapse as of that date.

The sum appropriated shall be expended by the stadium authority for the purposes of this Act.”

B&F also notes that the G.O. bond appropriation made in Section 6 of Act 268, SLH 2019, as amended, will lapse on June 30, 2022, despite the stated June 30, 2024 lapse date because Article VII, Section 11, of the Constitution of the State of Hawai‘i provides that all appropriations of G.O. bond funds shall be for specified periods not to exceed three years.

Thank you for your consideration of our comments.



**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
**SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
AND
SENATE COMMITTEE ON EDUCATION**

Friday, March 18, 2022
3:00 PM
State Capitol, Conference Room 229 & Videoconference

In consideration of
HB2470, HD2
RELATING TO GOVERNMENT OPERATIONS.

Chairs Wakai and Kidani, Vice Chairs Misalucha and Kim and members of the Committees.

The Department of Business, Economic Development and Tourism (DBEDT) supports the intent of HB2470, HD2, which establishes the DBEDT director 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.

Thank you for the opportunity to testify.

HB-2470-HD-2

Submitted on: 3/17/2022 9:44:15 AM

Testimony for EET on 3/18/2022 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Christine Kinimaka	Testifying for DAGS	Support	Remotely Via Zoom

Comments:

Available to answer questions with State Comptroller Otaguro.

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

COMMITTEES ON
ENERGY, ECONOMIC DEVELOPMENT AND TOURISM
EDUCATION

FRIDAY, MARCH 18, 2022, 3:00 P.M.
VIA VIDEOCONFERENCE & CONFERENCE ROOM 229, STATE CAPITOL

H.B. 2470, H.D. 2

RELATING TO GOVERNMENT OPERATIONS

Chairs Wakai and Kidani, Vice Chairs Misalucha and Kim, and Members of the Committees, thank you for the opportunity to testify on H.B. 2470, H.D. 2. The Department of Accounting and General Services (DAGS) supports the overall intent of this bill and offers the following comments.

DAGS concurs with, supports, and defers to the Stadium Authority for consideration to address their additional valid concerns as enumerated in their testimony, particularly with regard to Section 5, item (1), and the entirety of Section 6. At this infancy stage of the New Aloha Stadium Entertainment District, the utmost care must be given to ensure the best, most advantageous conditions for successfully attaining sustainability are established.

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.



**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

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DAVID Y. IGE
GOVERNOR

SUSAN TODANI
CHAIRPERSON

CRAIG K. NAKAMOTO
INTERIM EXECUTIVE DIRECTOR

Statement of
CRAIG NAKAMOTO
Interim Executive Director
Hawaii Community Development Authority
before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
and the
SENATE COMMITTEE ON EDUCATION

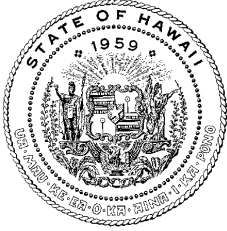
Friday, March 18, 2022
3:00 P.M.
State Capitol, Conference Room 229 & Videoconference

In consideration of
HB 2470, HD2
RELATING TO GOVERNMENT OPERATIONS.

Chairs Wakai and Kidani, Vice Chairs Misalucha and Kim, and members of the Committees. The Hawaii Community Development Authority (HCDA) **supports HB 2470, HD2.**

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

Thank you for the opportunity to testify in support of this measure.



SCHOOL FACILITIES AUTHORITY

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

IN REPLY REFER TO: **HB2470 EET/EDU**

February 18, 2022

3:30 P.M.

State Capitol, Teleconference

REVISED

H.B. 2470, H.D. 2 RELATING TO GOVERNMENT OPERATIONS

Senate Committee(s) on Energy, Economic Development, and Tourism & Education

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. In addition, the SFA is initiating the process to recruit its first executive director and hire three staff positions. 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 committees are 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 19 is too broad and may have unintended adverse consequences. This section that 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.

DAVID Y. IGE
GOVERNOR

CURT T. OTAGURO
COMPTROLLER



An Agency of the State of Hawaii

ROSS I. YAMASAKI
CHAIRMAN, STADIUM AUTHORITY

RYAN G. ANDREWS
DEPUTY MANAGER

TESTIMONY
OF
RYAN G. ANDREWS, STADIUM MANAGER
ALOHA STADIUM
STADIUM AUTHORITY
TO THE
SENATE COMMITTEES
ON
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
AND
EDUCATION

March 18, 2022, 3:00 P.M.
BY VIDEOCONFERENCE &
IN CONFERENCE ROOM 229

H.B. 2470, H.D.2

RELATING TO GOVERNMENT OPERATIONS

Chairs Wakai and Kidani, Vice Chairs Misalucha and Mercado Kim, and members of the respective committees, thank you for the opportunity to submit this testimony supporting the overall intent of the measure as well as providing our comments on Section 5 of H.B. 2470, H.D.2.

On behalf of the Stadium Authority (Authority), I would like to take this opportunity to thank the legislature and the Department of Accounting and General Services (DAGS) for its continuous support of the New Aloha Stadium Entertainment District (NASED) that includes redevelopment of its surrounding land into a vibrant and robust entertainment district. We would not be at this stage of development if not for the collective effort and coordinated support from these entities working together to reach project completion. Thank you for your continued support.

From a macro perspective, the Authority understands the intent of the legislature in aggregating enterprise agencies as well as centralizing land development expertise and functions under the Department of Economic Development and Tourism (DBEDT). The Authority is supportive of all efforts to continue the positive progress and momentum that has been established that will drive this project's development through completion.

The Authority appreciates the clarity provided in Section 7 of HB 2470, H.D.2 pertaining to Section 109-1, Hawaii Revised Statutes. The language in HB 2470, H.D. 2 allows the Stadium Authority Board to move forward with a clear understanding of Legislative intent.

The Authority also offers the following vital comments to Section 5 of this measure and would respectfully appreciate the legislature's consideration of our comments and recommendations:

Regarding Section 5: The Authority understands the importance of the departmental administrative assessment and the part that it plays in the State's overall financial position. The Authority also understands the significant and magnified value that the same administrative assessment holds for the Authority's overall financial position. With that understanding, we strongly believe that for the first 15 years that NASED is in its infant stage, an exemption from the departmental administrative assessment is of exponential value to the Authority towards maintaining financial solvency.

The Authority respectfully asks the Legislature to continue the exemption and if required, include a 15-year sunset date at which time an update of the Authority's financial position can be reviewed and appropriate action taken to either sunset or extended the administrative assessment, accordingly.

On behalf of the Stadium Authority Board, I thank you for your ongoing support of the NASED project and respectfully ask for your consideration of our concern noted above. Thank you for the opportunity to provide this testimony with comments on H.B. 2470, H.D. 2.

LATE

Written Only

DAVID Y. IGE
GOVERNOR



KEITH T. HAYASHI
INTERIM SUPERINTENDENT

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

Date: 03/18/2022

Time: 03:00 PM

Location: CR 229 & Videoconference

Committee: Senate Energy, Economic
Development, and Tourism

Senate Education

Department: Education

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

Title of Bill: HB 2470, HD2 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 and the school facilities authority board. Transfers the stadium authority from the department of accounting and general services to the department of business, economic development, and tourism. On July 1, 2023, transfers the school facilities authority from the department of education to the department of business, economic development, and tourism. Amends the composition of the stadium authority. Requires that administrative expenses incurred for the stadium development special fund be deducted. Effective 10/18/2050. (HD2)

Department's Position:

The Hawaii State Department of Education (Department) provides comments on HB 2470, HD2.

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 offer comments on this measure.