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# A BILL FOR AN ACT

RELATING TO PUBLIC LANDS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 171-36, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

3           "(b) The board, from time to time, upon the issuance or  
4 during the term of any intensive agricultural, aquaculture,  
5 commercial, mariculture, special livestock, pasture, hotel or  
6 resort, or industrial lease, may:

7           (1) Modify or eliminate any of the restrictions specified  
8           in subsection (a);

9           (2) Extend or modify the fixed rental period of the lease;  
10           or

11           (3) Extend the term of the lease  
12 to the extent necessary to qualify the lease for mortgage  
13 lending or guaranty purposes with any federal mortgage lending  
14 agency, to qualify the lessee for any state or private lending  
15 institution loan, private loan guaranteed by the State, or any  
16 loan in which the State and any private lender participates, or  
17 to amortize the cost of substantial improvements to the demised  
18 premises that are paid for by the lessee without institutional



1 financing, such extension being based on the economic life of  
2 the improvements as determined by the board or an independent  
3 appraiser; provided that the approval of any extension shall be  
4 subject to the following:

- 5 (1) The demised premises have been used substantially for  
6 the purpose for which they were originally leased;
- 7 (2) The aggregate of the initial term and any extension  
8 granted shall not be for more than fifty-five years;
- 9 (3) In the event of a reopening, the rental for any  
10 ensuing period shall be the fair market rental at the  
11 time of reopening;
- 12 (4) Any federal or private lending institution shall be  
13 qualified to do business in the State;
- 14 (5) Proceeds of any mortgage or loan shall be used solely  
15 for the operations or improvements on the demised  
16 premises;
- 17 (6) Where improvements are financed by the lessee, the  
18 lessee shall submit receipts of expenditures within a  
19 time period specified by the board, otherwise the  
20 lease extension shall be canceled; and



1 (7) The rules of the board, setting forth any additional  
2 terms and conditions, which shall ensure and promote  
3 the purposes of the demised lands."

4 SECTION 2. Section 171-41.5, Hawaii Revised Statutes, is  
5 amended by amending subsection (a) to read as follows:

6 "(a) The board of land and natural resources, after  
7 notification and public hearing as provided in subsection (b),  
8 may amend the height, density, and other building restrictions  
9 or requirements, term, and the specific use or uses contained in  
10 a lease for hotel, commercial, or industrial use of public land  
11 to another or an additional specific hotel, commercial, or  
12 industrial use or uses, or restriction; provided that the lease  
13 has been in effect twenty years or more, and upon:

- 14 (1) The application of the lessee;
- 15 (2) Consent of each holder of record having a security  
16 interest in any improvements made by the lessee to the  
17 leased public land;
- 18 (3) A finding by not less than two-thirds of the total  
19 membership of the board that the amended use or uses  
20 or restriction is in the public interest; and
- 21 (4) Agreement by the lessee that the lessee, commencing  
22 from the effective date of the amendment, shall pay a



1 revised annual rent equal to the annual fair market  
2 rental value of the land based on the amendment. The  
3 annual fair market value of the land shall be  
4 determined and set by the board. Such amendments  
5 shall not be construed to permit the construction of  
6 improvements not otherwise permitted by county zoning  
7 regulations applicable to the public land."

8 SECTION 3. Section 171-59, Hawaii Revised Statutes, is  
9 amended by amending subsection (b) to read as follows:

10 "(b) Disposition of public lands for airline, aircraft,  
11 airport-related, agriculture, agricultural processing, cattle  
12 feed production, aquaculture, marine, maritime, and maritime-  
13 related operations may be negotiated without regard to the  
14 limitations set forth in subsection (a) and section 171-16(c);  
15 provided that:

16 (1) The disposition encourages competition within the  
17 aeronautical, airport-related, agricultural,  
18 aquaculture, maritime, and maritime-related  
19 industries;

20 (2) The disposition shall not exceed a maximum term of  
21 thirty-five years; and



1           (3) The method of disposition of public lands for cattle  
2           feed production as set forth in this subsection shall  
3           not apply after December 31, 1988.

4 For the purpose of this subsection: "agricultural processing"  
5 means the processing of agricultural products, including  
6 dairying, grown, raised, or produced in Hawaii, "airport-  
7 related" means a purpose or activity that requires air  
8 transportation to achieve that purpose or activity, and  
9 "maritime-related" means a purpose or activity that requires and  
10 is directly related to the loading, off-loading, storage, or  
11 distribution of goods and services of the maritime industry."

12           SECTION 4. New statutory material is underscored.

13           SECTION 5. This Act shall take effect upon its approval.



**Report Title:**

Public Lands; Leases; Renegotiations

**Description:**

Permits renegotiations of hotel and resort leases, and permits disposition of public lands by negotiations for agricultural purposes. (HB1928 HD1)

