

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 1141
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1141, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC LANDS,"

begs leave to report as follows:

The purpose of this measure is to require the Department of Land and Natural Resources to offer for sale parcels of Sand Island Industrial Park to current leaseholders of the parcels. The measure also allows for an exchange of like property in lieu of a fee sale.

Your Committee received three written comments on the measure. The written comments are available for review on the Legislature's website.

Your Committee finds that the Sand Island Business Association, a nonprofit organization comprised of subtenant members, entered into a fifty-five-year lease with the Department of Land and Natural Resources on July 1, 1992. The lease required the Sand Island Business Association to construct all of the infrastructure improvements; sublease one hundred eleven lots to existing month to month lessees; and manage the Sand Island Industrial Park, which includes the collection of rent from its sublessees on behalf of the Department. In 1999, the Sand Island Business Association completed the infrastructure improvements at a cost of more than \$41,000,000, and individual members of the Association have invested more than \$20,000,000 dollars in leasehold improvements to their individual lots.



Over the last few years, Sand Island Business Association members have expressed a strong desire to purchase the fee interest of their leasehold lots to secure the substantial investment they have made in Sand Island Industrial Park. Your Committee further finds that as the lease period shortens, it will become more difficult for the Sand Island Business Association members to rely upon their leasehold property as an asset when attempting to secure bank loans for further improvements.

Your Committee believes that offering the fee interest to the members of the Sand Island Business Association will allow the members to more easily secure capital loans to expand their businesses and increase the overall economic activity in the area. Fee interest ownership will also remove any fear by members of losing their capital investments at the end of their lease and instill greater confidence in them to invest more in their businesses than they would have otherwise. Finally, greater economic activity, especially during the current recession, will generate more employment and create more small businesses to support the economic activity produced by a rejuvenated Sand Island Business Association.

Your Committee has amended the bill to:

- (1) Change the requirement of disapproval by two-thirds of either house of the Legislature or majority of both to approval of a concurrent resolution by two-thirds majority of both houses;
- (2) Changing the effective date of the measure to January 1, 2045, to facilitate further discussion; and
- (3) Make technical nonsubstantive changes for the purposes of clarity and style.

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 S.B. No. 1141, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1141, S.D. 2.



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

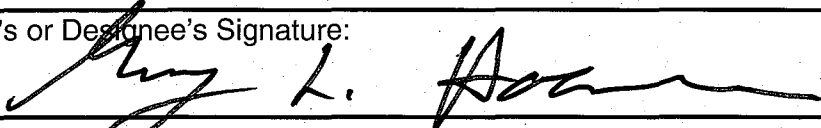


DONNA MERCADO KIM, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

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|--|--|------------------------------|-----|----------|
| Bill / Resolution No.:* SB 1141 SBI | Committee Referral: WTL, WAM | Date: FEB 27, 2009 | | |
| <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 |
| KIM, Donna Mercado (C) | ✓ | | | |
| TSUTSUI, Shan S. (VC) | | | | ✓ |
| CHUN OAKLAND, Suzanne | ✓ | | | |
| ENGLISH, J. Kalani | ✓ | | | |
| FUKUNAGA, Carol | ✓ | | | |
| GALUTERIA, Brickwood | | | | ✓ |
| HEE, Clayton | ✓ | | | |
| HOOSER, Gary L. | ✓ | | | |
| KIDANI, Michelle N. | ✓ | | | |
| KOKUBUN, Russell S. | | | | ✓ |
| TOKUDA, Jill N. | ✓ | | | |
| HEMMINGS, Fred | | | | ✓ |
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| TOTAL | 8 | | | 4 |
| 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