
A BILL FOR AN ACT

RELATING TO PUBLIC LANDS.

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

1 SECTION 1. Chapter 171, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§171- Hotel and resort leases; extension of term. (a)
5 Notwithstanding section 171-36, the board may extend the rental
6 period of a lease of public lands for hotel or resort use upon
7 the approval by the board of a development agreement proposed by
8 the lessee or the lessee and developer to make substantial
9 improvements to the demised premises.

10 (b) Prior to entering into a development agreement, the
11 lessee or the lessee and developer shall submit to the board the
12 plans and specifications for the total development being
13 proposed. The board shall review the plans and specifications
14 and determine:

15 (1) That the development proposed in the development
16 agreement are of sufficient worth and value to justify
17 the extension of the lease;

1 (2) The estimated period of time to complete the
2 improvements and expected date of completion of the
3 improvements; and

4 (3) The minimum revised annual rent based on the fair
5 market value of the land as determined by an appraiser
6 for the board of the lands to be developed and
7 percentage rent where gross receipts exceed a certain
8 level.

9 No lease extension shall be approved until the board and the
10 lessee or the lessee and developer mutually agree to the terms
11 and conditions of the development agreement.

12 (c) No construction shall commence until the lessee or the
13 lessee and developer has filed with the board a good and
14 sufficient bond conditioned upon the full and faithful
15 performance of all the terms and conditions of the development
16 agreement.

17 (d) The extension of the lease pursuant to this section
18 shall be based upon the substantial improvements made and shall
19 be for a period not longer than fifty-five years.

20 (e) As used in this section, "substantial improvements"
21 means any renovation, rehabilitation, reconstruction, or
22 construction of the demised premises, including minimum



1 requirements for off-site and on-site improvements, the cost of
2 which equals or exceeds fifty per cent of the market value of
3 the demised premises that the lessee or the lessee and developer
4 must install, construct, and complete by the date of completion
5 of the total development."

6 SECTION 2. New statutory material is underscored.

7 SECTION 3. This Act shall take effect on upon approval,
8 and shall be repealed on December 31, 2015.

9

INTRODUCED BY: Calvin H. Boy

BY REQUEST

JAN 19 2010



Report Title:

Public Lands Leases; Hotel and Resort Uses

Description:

Allows the board of land and natural resources to extend a public land lease for hotel or resort use up to 55 years if the board enters into a development agreement with the lessee for substantial improvements to the premises.

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