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

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

15           (1) Whether the development proposed in the development  
16 agreement is 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 upon the fair  
5           market value of the lands to be developed, as  
6           determined by an appraiser for the board, and  
7           percentage rent where gross receipts exceed a  
8           specified amount.

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  
13       the lessee and developer, have 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 no 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 premises, including minimum requirements for



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

6 SECTION 2. New statutory material is underscored.

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 8 shall be repealed on December 31, 2015.

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INTRODUCED BY:

*[Signature]*  
*[Signature]*

*[Signature]*  
*[Signature]*

*[Signature]*

*[Signature]*  
*Cindy Brown*

JAN 27 2010



**Report Title:**

Public Lands; Commercial Development; Lease Extensions

**Description:**

Authorizes the board of land and natural resources to extend a lease of public lands for commercial, hotel, resort, or industrial uses for 55 years upon a development agreement to improve the land.

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