

JAN 28 2009

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## A BILL FOR AN ACT

RELATING TO THE HAWAIIAN HOMES COMMISSION ACT.

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

1           SECTION 1. The legislature finds that the rental income  
2 from department of Hawaiian home lands' commercial projects  
3 provides a crucial flow of revenue to the beneficiaries of  
4 Hawaiian home lands, providing needed support for beneficiary  
5 programs such as the homesteading program. Ensuring this steady  
6 flow of revenue is crucial, especially since settlement moneys  
7 that have provided funding for commercial projects in past years  
8 will be depleted soon.

9           The legislature also finds that the continued development  
10 of commercial projects by the department of Hawaiian home lands  
11 is critical to the State and its residents. These commercial  
12 projects create a multitude of jobs, services, and opportunities  
13 for economic development, direly needed by the local economy,  
14 especially during these times of economic recession and  
15 uncertainty.

16           Currently, the department of Hawaiian home lands, through  
17 the department of land and natural resources, is able to issue



1 leases for properties for a total of sixty-five years. However,  
2 in today's financial market, commercial lenders are looking for  
3 longer leases to secure the amount of money borrowed, especially  
4 for large commercial projects.

5 The purpose of this Act is to grant the department of  
6 Hawaiian home lands the authority to negotiate and extend  
7 commercial leases for an aggregate lease term of up to ninety-  
8 nine years.

9 SECTION 2. Section 220.5, Hawaiian Homes Commission Act,  
10 1920, as amended, is amended by amending subsection (d) to read  
11 as follows:

12 "(d) Any project developer agreement entered into pursuant  
13 to this section may provide for options for renewal of the term  
14 of the project developer agreement; provided that:

15 (1) The [~~term~~] initial term and any extension thereof of  
16 any one project developer agreement shall not exceed  
17 [~~sixty-five~~] ninety-nine years[+] altogether;

18 (2) Any lands disposed of under a project developer  
19 agreement shall be subject to withdrawal at any time  
20 during the term of the agreement, with reasonable  
21 notice; and



1           (3) The rental shall be reduced in proportion to the value  
2           of the portion withdrawn and the developer shall be  
3           entitled to receive from the department the  
4           proportionate value of the developer's permanent  
5           improvements so taken in the proportion that they bear  
6           to the unexpired term of the agreement, with the value  
7           of the permanent improvements determined on the basis  
8           of fair market value or depreciated value, whichever  
9           is less; or the developer, in the alternative, may  
10          remove and relocate the developer's improvements to  
11          the remainder of the lands occupied by the developer."

12          SECTION 3. The provisions of the amendments made by this  
13 Act to the Hawaiian Homes Commission Act, 1920, as amended, are  
14 declared to be severable, and if any section, sentence, clause,  
15 or phrase, or the application thereof to any person or  
16 circumstances is held ineffective because there is a requirement  
17 of having the consent of the United States to take effect, then  
18 that portion only shall take effect upon the granting of consent  
19 by the United States and effectiveness of the remainder of these  
20 amendments or the application thereof shall not be affected.

21          SECTION 4. Statutory material to be repealed is bracketed  
22 and stricken. New statutory material is underscored.

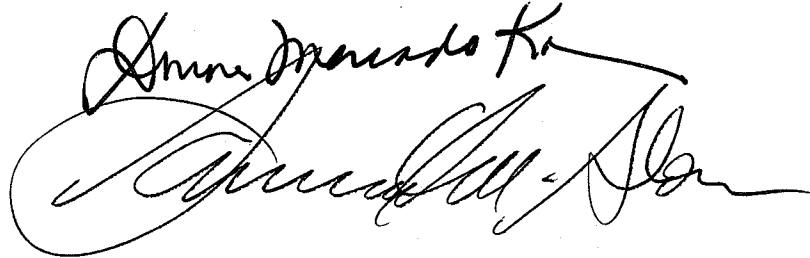
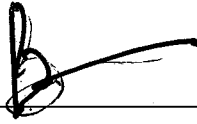


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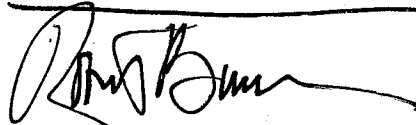
1 SECTION 5. This Act shall take effect on July 1, 2009.

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INTRODUCED BY:



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**Report Title:**

Maximum Commercial Lease Term; Hawaiian Homes Commission Act

**Description:**

Extends the maximum term on commercial leases on Hawaiian home lands from sixty-five to ninety-nine years.

