

STAND. COM. REP. NO.

2819

Honolulu, Hawaii

MAR 19 2010

RE: H.B. No. 2923  
H.D. 2  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Madam:

Your Committee on Water, Land, Agriculture, and Hawaiian Affairs, to which was referred H.B. No. 2923, H.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to establish procedures for the extension of up to thirty-four years of leases of Hawaiian home lands for commercial or multipurpose projects.

Your Committee received testimony in support of this measure from one state department and twenty private entities. Testimony in opposition was received from four private entities and two individuals. Testimony in support of this measure, as amended, was received from three private entities which were in opposition to this measure as received by your Committee. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Pursuant to section 101, Hawaiian Homes Commission Act, 1920, as amended, the Hawaiian home lands are intended to establish "a permanent land base for the benefit and use of native Hawaiians, upon which they may live, farm, ranch, and otherwise engage in commercial or industrial or any other activities as authorized in this Act." Your Committee finds that commercial projects authorized under this measure to raise funds to enable the Department of Hawaiian Home Lands to operate and build the infrastructure necessary for the native Hawaiian beneficiaries to

2010-1647 SSCR SMA-2.doc



make the homestead lands their home, are well-intentioned. However, while these revenue-raising commercial projects benefit the native Hawaiian beneficiaries indirectly, there are times when commercial projects result in short- and long-term negative consequences for the beneficiaries that are not adequately addressed.

Your Committee further finds that setting aside a portion of those commercial revenues to be used for the benefit of native Hawaiian beneficiaries, beneficiary-controlled organizations, and homestead community associations is consistent with the purpose and intent of the Hawaiian Homes Commission Act, 1920, as amended, and will aid in ensuring that native Hawaiian beneficiaries, either directly or through native Hawaiian community organizations, such as beneficiary-controlled organizations, and homestead community associations, benefit from these commercial projects.

Your Committee finds that the current sixty-five year lease term is not of sufficient duration to attract commercial investment, and therefore to increase the attractiveness of long-term commercial leases a provision for lease extension is necessary. Furthermore, extended lease terms beyond sixty-five years would provide a reliable long-standing revenue stream which will improve DHHL's long term bond credit rating. Better credit ratings are desirable to make bonds attractive to potential investors, which would ensure more construction of homes for native Hawaiians.

Your Committee received the same suggestions to amend this measure from three private entities. Your Committee has thusly amended this measure to:

- (1) Add a findings and purpose section;
- (2) Establish a procedure of beneficiary consultation with beneficiaries and beneficiary-serving organizations prior to the disposition of available land by a request for proposals for an initial lease for commercial and multipurpose projects;
- (3) Allow lease term extension for commercial or multipurpose projects for "improvements" to the leased property, in order to obtain financing;



- (4) Limit extensions of leases to not longer than twenty years, to be granted only once;
- (5) Add that as part of its review of plans, specifications, and the written agreement regarding improvements on leased lands that DHHL determine whether the development meets the priorities of the Hawaiian Homes Commission;
- (6) Prohibit approval of a lease extension until one third of the original lease term has expired;
- (7) Specify that twenty per cent of all revenues generated from lease agreements and land use instruments shall be deposited into the Native Hawaiian Rehabilitation Fund to be used for the benefit of native Hawaiian beneficiaries, beneficiary-controlled organizations, and homestead community associations, and not intended for administrative costs for the State;
- (8) Require DHHL to submit an annual report to the legislature and the United States Department of the Interior on specified information concerning the commercial leases and multipurpose projects; and
- (9) Change the effective date to July 1, 2010.

As affirmed by the record of votes of the members of your Committee on Water, Land, Agriculture, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2923, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2923, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Water, Land,  
Agriculture, and Hawaiian  
Affairs,



CLAYTON HEE, Chair



