

JAN 21 2011

S.B. NO. 246

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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. On May 23, 1960, a tsunami struck Hilo with  
2 great effect. In the period of time immediately after that  
3 disaster, the State found that it was in the public interest to  
4 establish a safe area for Hilo businesses outside of the tsunami  
5 inundation zone. The State then began leasing properties in  
6 Waiakea, South Hilo, to allow for this relocation. The areas  
7 now known as the Hilo Industrial Area, and the various  
8 businesses therein, have organized themselves into what is now  
9 the Kanoelehua Industrial Area Association. The Hilo Industrial  
10 Area is the economic center of Hilo, positioned between the  
11 historic downtown, now primarily shops and restaurants, and the  
12 newer Prince Kuhio Mall and Puainako retail areas. Newer big  
13 box retailers also have located in this area.

14           The first leases for land in the Hilo Industrial Area were  
15 written in 1961 and had a lease term of fifty-five years. These  
16 leases will expire in five years, in 2016. Many of the original  
17 lessees or their families remain on these leasehold lots and  
18 continue to do business there after fifty-five years. Other



1 leases have been assigned or transferred as changes in ownership  
2 or business use have taken place. Many of the properties have  
3 been allowed to deteriorate or are in need of reconstruction due  
4 to the age of the properties and the imminent expiration of the  
5 leases.

6 The legislature finds that the department of land and  
7 natural resources has not provided guidance on the management of  
8 these leases when they expire. The lessees at Hilo Industrial  
9 Area are concerned because they do not know how they will be  
10 treated by the State at the end of their lease terms. The  
11 legislature further finds that the assets that these lessees  
12 have created, invested in, and used for many years will continue  
13 to have value after 2016.

14 The legislature further finds that the economic recession  
15 has affected the Big Island especially badly and has resulted in  
16 job losses and high unemployment. In addition, the recession  
17 has caused record deficits in the State's budget due to lowered  
18 tax revenue. The legislature finds that it is unlikely that the  
19 State will be able to invest in the revitalization of the Hilo  
20 Industrial Area. In the absence of this investment, the  
21 legislature finds that it can encourage leaseholders to continue  
22 their own investment by extending leases in the Hilo Industrial



1 Area. Lease extension would remove uncertainty for lessees,  
2 encourage private business investment, and provided improved  
3 services to the public, all of which would benefit the overall  
4 economy.

5 The purpose of this Act is to help stabilize and support  
6 Hilo's economy during this recession and for the future by  
7 extending the leases for properties in the Hilo Industrial Area.

8 SECTION 2. (a) Notwithstanding any law to the contrary,  
9 the department of land and natural resources shall extend the  
10 terms of all existing leases that were conveyed after May 23,  
11 1960, on properties in the area known as the Hilo Industrial  
12 Area in Waiakea, South Hilo, until no earlier than 2026. The  
13 amounts of lease rent due on properties subject to a lease  
14 extension pursuant to this Act shall not increase.

15 (b) No later than January 1, 2016, the department of land  
16 and natural resources, in consultation with the Kanoelehua  
17 Industrial Area Association, shall determine whether it is in  
18 the public's interest to relocate the existing lessees or  
19 redevelop the existing infrastructure. In making its  
20 determination, the department of land and natural resources  
21 shall evaluate separately the parcels located on each side of  
22 Kanoelehua Avenue.



1 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY:

*Handwritten signature: Dan Claitor*  
*Handwritten signature: Melanne J. ...*



**Report Title:**

Public Lands; Hilo Industrial Area; Leases

**Description:**

Directs DLNR to extend the leases in Hilo Industrial Area until 2026.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

