
A BILL FOR AN ACT

RELATING TO PUBLIC LANDS.

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

1 SECTION 1. The legislature finds that in 1992, the
2 department of land and natural resources entered into a
3 fifty-five year lease with the Sand Island Business Association
4 for the Sand Island industrial park, which covers approximately
5 seventy-four acres divided into one hundred twelve lots. The
6 lease required the Sand Island Business Association to develop
7 the infrastructure improvements, sublease the lots to existing
8 lessees, and manage the Sand Island industrial park on behalf of
9 the department of land and natural resources. In 1999, the Sand
10 Island Business Association completed the infrastructure
11 improvements at a cost of more than \$41,000,000. In addition,
12 the members of the Sand Island Business Association have
13 invested more than \$20,000,000 in leasehold improvements to the
14 individual lots.

15 As a result of these substantial investments, members of
16 the Sand Island Business Association have expressed a strong
17 interest in purchasing the fee interest of their leasehold lots.
18 In addition to securing these investments, as the lease period



1 shortens, it becomes more difficult for the members to rely on
2 the leasehold as an asset when attempting to secure bank loans
3 for additional improvements.

4 The legislature understands that the department of land and
5 natural resources relies on the lease revenue from the Sand
6 Island industrial park to support the operations and management
7 of public lands programs, and that the lease revenue constitutes
8 nearly one-half of all lease revenues supporting the special
9 land and development fund.

10 The purpose of this Act is to authorize the department of
11 land and natural resources to consider the exchange of Sand
12 Island parcels to leaseholders, and to report its findings and
13 recommendations to the legislature.

14 SECTION 2. (a) The department of land and natural
15 resources may review and consider:

- 16 (1) The current terms of the lease between the department
17 and the Sand Island Business Association;
- 18 (2) Lease income to date; projected income through the
19 twenty-five year fixed-rent period, which ends in
20 2017; and estimated income after the fixed-rent
21 period;



- 1 (3) Whether a Sand Island parcel proposed for exchange to
2 the department has a present and future value that is
3 greater than or equal to that of a Sand Island parcel
4 currently under the control of the department;
- 5 (4) Whether a Sand Island parcel proposed for exchange to
6 the department has a tenant that would provide an
7 income stream that is greater than or equal to the
8 income stream generated by a tenant of a Sand Island
9 parcel under an existing lease;
- 10 (5) The uses of the lease revenues to date, pursuant to
11 section 171-19, Hawaii Revised Statutes; and any
12 projected uses of future lease revenues; and
- 13 (6) Any other considerations that would impact a decision
14 to proceed with the exchange of Sand Island parcels to
15 leaseholders.
- 16 (b) The department of land and natural resources shall
17 report to the legislature no later than twenty days prior to the
18 convening of the regular session of 2012, on its review and
19 consideration of the exchange of Sand Island parcels to
20 leaseholders, and its recommendations for further action.
- 21 SECTION 3. This Act shall take effect on July 1, 2050.



Report Title:

Public Lands; Sand Island

Description:

Authorizes the department of land and natural resources to consider the exchange of Sand Island parcels to leaseholders; requires a report of findings and recommendation to the legislature. Effective 07/01/2050. (SD1)

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