

STAND. COM. REP. NO. 933

Honolulu, Hawaii

March 4, 2011

RE: H.B. No. 845
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred H.B. No. 845, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GROUND LEASES,"

begs leave to report as follows:

The purpose of this bill is to require lessors to either extend the term of an existing long-term commercial, industrial, or residential ground lease, or offer to sell the fee simple interest in the land to the lessee for the amount fixed by an appraiser's determination of the leased-fee interest in the land. These provisions apply to counties with a population of 100,000 or more.

'Iolani Banyan Cooperative Association, Date-Laau Community Association, Lani Home Coop Association, and numerous concerned individuals testified in support of this bill. Kamehameha Schools; K.J.L. Associates; Loyalty Development Company, Ltd.; Hawai'i Association of REALTORS®; Queen Emma Land Company; Reit Management & Research LLC, Pacific Region; Building Industry Association of Hawaii; Alexander & Baldwin, Inc.; Land Use Research Foundation of Hawaii; Ashford & Wriston; Hawaii Reserves, Inc.; W.H. Shipman Limited; and several concerned individuals testified in opposition to this measure. Several concerned individuals submitted comments.

HB845 HD2 HSCR JUD HMS 2011-2799



Your Committee has amended this bill by:

- (1) Making the extension of long-term ground leases and the sale of leased fee interest in land apply only to long-term residential ground leases, rather than to long-term commercial and industrial ground leases as well;
- (2) Establishing a process of arbitration, rather than a process of appraisal, to be applied to situations when the lessor and lessee are unable to agree on a rental rate; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style, and to conform with the foregoing amendments.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 845, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 845, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,


GILBERT KEITH-AGARAN, Chair



