

McCully Works  
40 Kamehameha Ave.  
Hilo, Hi. 96720

LATE

March 13, 2011

In SUPPORT of HB 331- Allows the Board of Land and Natural Resources to extend or modify the fixed rental period of certain leases; provided that the aggregate of the initial term and any extension granted does not exceed 65 years. (HB331 HD2)

Committee on Water, Land, & Housing  
Chairman Donovan Dela Cruz , Dist.22  
Vice Chair Malama Solomon, Dist. 1  
Members of Committee

Aloha,

As a farmer and small businessman in Hilo for more than 35 years I have invested and done business in the Hilo Industrial Area all my professional life. I have made use of state lands, through Revocable Permits (for farming) , and longer term leases for industrial use's, since 1978. The Hilo Industrial Area has been in decline for the past 20 years, to the detriment of both the citizens of Hilo, and the lessee's who originally invested in the area. The underlying problem, which has led to a lack of continued investment by the Lessee's, is the current interpretation of statutory restrictions on the lease term. While it is certainly in the public interest for the State to not have perpetual leases, it is incumbent on the state to provide reasonable tenancy for those lessee's who wish to invest in, and improve, state lands. This is in fact a state wide problem.

The statutory basis under HRS 171-36(a) (2) is to have the maximum term of a State lease be 65 years. However, secondary provisions within the statute provide for a term of only 55 years, without explanation or basis. With fewer than 5 years remaining on the original 55 year terms of the leases in the Hilo Industrial Area, with an economy in dire straits, with many of the Lessee's being unable to cope with recent Ground Rent increases from the D.L.N.R. of more than 100% there is a need for immediate action, the clarification and correlation of statutory language that would enable these 55 year leases terms to be 65 years.

Please support this bill, it is the result of direct discussions between D.L.N.R. staff and administration, with the lessee's of state lands, and is in the mutual interest of both.

Aloha,

James McCully

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40 Kamehameha Ave.

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**Date:** Thursday, March 31, 2011 8:47:34 AM

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Testimony for WLH/WAM 3/31/2011 1:30:00 PM HB331

Conference room: 225  
Testifier position: support  
Testifier will be present: No  
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Comments:  
Senator David Ige  
Chairperson, Senate Ways & Means Committee

re: HB331

I am writing in support of this bill to allow leases up to a 65 year term. It will allow for consistency and fairness to all leasees throughout the state.

May I also request that a collaborative effort between the Legislature, DLNR and all state lessees be encouraged to address the future needs of the business community so that we may all be on the same page.

As a current lessee, it would be very helpful for the longer term perspective to have the DLNR adapt to the changing business environment in all of the communities throughout the state.

Your favorable consideration of this bill is appreciated.

Conrad Hokama