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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. 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 and twelve lots.  
6 The lease required the Sand Island Business Association to  
7 develop the infrastructure improvements, sublease the lots to  
8 existing lessees, and manage the Sand Island industrial park on  
9 behalf of the department of land and natural resources. In  
10 1999, the Sand Island Business Association completed the  
11 infrastructure improvements at a cost of more than \$41,000,000.  
12 In addition, the members of the Sand Island Business Association  
13 have invested more than \$20,000,000 in leasehold improvements to  
14 the 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.  
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1 SECTION 3. This Act shall take effect upon its approval.

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**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. (Proposed SD1)

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

