

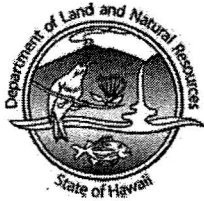
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From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 03, 2011 9:43 AM
To: WLOtestimony
Cc: Tracy.S.Oshiro@hawaii.gov
Subject: Testimony for HB1617 on 2/4/2011 9:00:00 AM
Attachments: HB1617_LNR_02-04-11_WLO.pdf

Testimony for WLO 2/4/2011 9:00:00 AM HB1617

Conference room: 325
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Tracy Oshiro
Organization: DLNR
Address: 1151 Punchbowl Street Honolulu, HI 96813
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Submitted on: 2/3/2011

Comments:



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

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HONOLULU, HAWAII 96809

**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the House Committee on
WATER, LAND, & OCEAN RESOURCES**

**Friday, February 4, 2011
9:00 AM
State Capitol, Conference Room 325**

**In consideration of
HOUSE BILL 1617
RELATING TO PUBLIC LANDS**

House Bill 1617 would allow leases of public lands used for commercial, hotel, resort or industrial purposes to be extended for up to an additional 55 years beyond the existing term. The Department of Land and Natural Resources (Department) opposes this bill.

House Bill 1617 requires a proposed lease extension to be subject to the Department and lessee negotiating and agreeing upon a development agreement, which would require the Department to, among other things, review the lessee's plans and specifications for improvements to the property and subsequently negotiate the value of the proposed improvements, length of the lease extension, market value of the demised premises, and annual rent to be paid under the extended lease.

Leases of public lands are governed by Chapter 171, Hawaii Revised Statutes, which imposes a maximum lease term of 65 years. This limit is generally beyond the life of an individual business owner, and allows a sufficient time for the lessee/owner to occupy the property and recoup its investment, while allowing other members of the general public an opportunity to acquire a State lease of lands through an open public auction or other public process, at the end of the maximum 55 or 65-year term. House Bill 1617 ignores these public policies and grants commercial, hotel, resort and industrial leases special status over all public land leases by allowing these favored lessees to have exclusive use of public lands for up to 120 years.

The Department also acknowledges that some existing lessees are not the original lessee and have acquired their lease with substantially less than 65 years remaining on the lease term. However, those lessees acquired their lease at a purchase price that appropriately reflected the

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WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

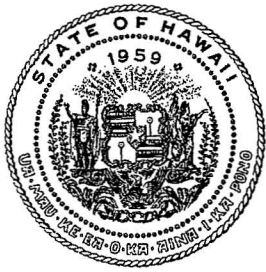
limited remaining lease term. Granting lease extensions to those lessees would provide them with an undeserved and unearned windfall gain.

Furthermore, the Department continues to face severe budget cutbacks. The Department's general fund appropriations and special fund revenues have dropped significantly over the last three years, and the Department lost many positions during these past few years. The bill imposes duties that would require a substantial amount of staff time and funding for appraisals to determine the value of the improvements, demised premises, and new annual rent. The Department simply does not have the resources and staffing necessary to undertake the additional duties that would be required under this bill.

For the reasons stated above, the Department opposes House Bill 1617.

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From: Jon Okudara [jokudara@hawaii.rr.com]
Sent: Thursday, February 03, 2011 12:12 PM
To: WLOtestimony
Subject: HB1617 Testimony
Attachments: HB1617 Public Land Leases WLO 02-04-11.doc



NEIL ABERCROMBIE
Governor

MIKE MCCARTNEY
President and
Chief Executive Officer

Hawai'i Tourism Authority

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Testimony of
Mike McCartney
President and Chief Executive Officer
Hawai'i Tourism Authority
on
H.B. 1617
Relating to Public Lands

House Committee on Water, Land, & Ocean Resources
Friday, February 4, 2011
9:00 a.m.
Conference Room 325

The Hawai'i Tourism Authority (HTA) strongly supports H.B. 1617 which provides for the extension of leases of public lands for commercial, hotel, resort, or industrial use if substantial improvements are made to the premises.

The HTA is tasked with marketing and promoting Hawai'i as a visitor destination, with the goal of increasing visitor spending. One of the keys to branding Hawai'i's visitor industry and increasing visitor spending is the improvement of the tourism product, which includes the physical infrastructure. For this reason, H.B. 1617 is particularly important for the upgrading of visitor industry facilities in the Banyan Drive area on the Island of Hawai'i. Banyan Drive is the only significant resort area in East Hawai'i and is on land entirely owned by the State. With many of the leases expiring in 2015, there has been little incentive for the lessees to reinvest in their premises.

It should also be noted that during the HTA's annual meeting with stakeholders of the visitor industry in East Hawai'i, the subject of up-grading the visitor facilities on Banyan Drive is always raised. These facilities are vital to events such as the Merrie Monarch Festival, the Hawaii Island Festival-30 Days of Aloha, Hawaii Volcanoes National Park's Cultural Festival, and the Hilo Chinese New Year's Festival. In addition, East Hawaii is being considered as the site for an educational tourism experience, however, the lack of facilities from a quantitative and qualitative standpoint, may prevent the full development of this niche market.

As such, the HTA supports H.B. 1617, which would provide for a lease extension to enable the private sector the incentive to improve Hawai'i's hotel facilities which in turn, ensures that Hawai'i remains competitive as a destination while providing enhancements to the visitor experience.

Furthermore, when improvements are made to these facilities, the real property assessments and the average daily room rate should rise, resulting in a rise in real property taxes and transient accommodations taxes.

We urge you favorable consideration of this measure.