
HOUSE CONCURRENT RESOLUTION

URGING THE DEPARTMENT OF LAND AND NATURAL RESOURCES AND THE SAND ISLAND BUSINESS ASSOCIATION TO CONTINUE THEIR DISCUSSIONS REGARDING THE SALE OR EXCHANGE OF PARCELS OF LAND WITHIN THE SAND ISLAND INDUSTRIAL PARK.

1 WHEREAS, in 1992, the Department of Land and Natural
2 Resources entered into a fifty-five year master lease with the
3 Sand Island Business Association for the Sand Island Industrial
4 Park on the island of Oahu; and

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6 WHEREAS, the Sand Island Industrial Park is approximately
7 seventy acres divided into one hundred twelve lots sublet to
8 Sand Island Business Association members; and

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10 WHEREAS, Sand Island Business Association members have
11 invested over \$41,000,000 in infrastructure improvements and
12 over \$55,000,000 in leasehold improvements to the individual
13 parcels; and

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15 WHEREAS, with such substantial investments, Sand Island
16 Business Association members have expressed a strong interest in
17 purchasing the fee interest in their leasehold lots; and

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19 WHEREAS, with the lease period shortening every day, it
20 becomes more difficult for the Sand Island Association members
21 to rely on the leasehold as an asset when attempting to secure
22 bank loans; and

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24 WHEREAS, Act 235, Session Laws of Hawaii 2011, authorizes
25 the Department of Land and Natural Resources to consider the
26 sale or exchange of Sand Island Industrial Park lots to
27 leaseholders; and

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29 WHEREAS, the Department of Land and Natural Resources has
30 expressed a willingness to sell or exchange Sand Island



1 Industrial Park lots, provided that certain conditions are met;
2 and
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4 WHEREAS, the Legislature recognizes the Sand Island
5 Business Association's considerable investment in the
6 infrastructure, i.e. roads, utilities, and landscaping, at the
7 Sand Island Industrial Park; and
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9 WHEREAS, the Legislature understands that a significant
10 portion of the recent \$97,200,000 appraisal value of the Sand
11 island Industrial Park is due to the Sand Island Business
12 Association's considerable infrastructure investment; and
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14 WHEREAS, the Legislature recognizes that the Department of
15 Land and Natural Resources has the legal authority to administer
16 the disposition of the Sand Island Industrial Park through land
17 exchanges; and
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19 WHEREAS, the majority of Sand Island Business Association's
20 membership is comprised of small locally owned businesses
21 employing approximately two-thousand employees; and
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23 WHEREAS, the Legislature recognizes the State's need to
24 foster the long-term growth of the Sand Island Business
25 Association members while promoting revenue growth for the
26 Department; and
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28 WHEREAS, the Legislature recognizes that a land exchange
29 would help secure the viability of small businesses while
30 enhancing the State's opportunities for higher valued
31 properties; and
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33 WHEREAS, the Legislature recognizes the need to mitigate
34 the risks associated with over half of the Department of Land
35 and Natural Resources' revenue for operations concentrated in a
36 single market segment located in a tsunami inundation zone; and
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38 WHEREAS, geographic diversification in areas less
39 susceptible to natural disasters further protects the Department
40 of Land and Natural Resources' income stream; and
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42 WHEREAS, the Legislature understands that a portfolio of
43 diversified properties offers the Department of Land and Natural



1 Resources increased opportunities for stronger future revenue
2 growth while reducing risk; and
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4 WHEREAS, the Legislature recognizes that time is of the
5 essence with properties available for sale at discounted prices;
6 and
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8 WHEREAS, currently low interest rates allow for maximum
9 borrowing capacity to the Sand Island Business Association
10 members to help finance the land exchange; and
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12 WHEREAS, the recent economic downturn has provided
13 opportune timing to acquire premium properties at significant
14 discounts; and
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16 WHEREAS, interest rates and the availability of prospective
17 replacement properties are constantly changing, and to take
18 advantage of the timing in market dislocation, exchanges must
19 occur with urgency; now, therefore,
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21 BE IT RESOLVED by the House of Representatives of the
22 Twenty-seventh Legislature of the State of Hawaii, Regular
23 Session of 2013, the Senate concurring, that the Department of
24 Land and Natural Resources and the Sand Island Business
25 Association are urged to continue their discussions regarding
26 the sale or exchange of parcels of land within the Sand Island
27 Industrial Park; and
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29 BE IT FURTHER RESOLVED that the Department of Land and
30 Natural Resources is requested to submit three preliminary
31 reports to the Legislature as follows:
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33 (1) A report regarding discussions and actions taken prior
34 to the adjournment of the Regular Session of 2013, to
35 be submitted to the Legislature no later than twenty
36 days subsequent to the adjournment of the Regular
37 Session of 2013;
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39 (2) A report regarding discussions and actions taken prior
40 to July 1, 2013, to be submitted to the Legislature no
41 later than July 31, 2013; and
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1 (3) A report regarding discussions and actions taken prior
2 to October 1, 2013, to be submitted to the Legislature
3 no later than October 31, 2013; and
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5 BE IT FURTHER RESOLVED that the Department of Land and
6 Natural Resources is requested to submit a final report of the
7 discussions and actions taken, including any proposed
8 legislation, to the Legislature no later than twenty days prior
9 to the convening of the Regular Session of 2014; and
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11 BE IT FURTHER RESOLVED that certified copies of this
12 Concurrent Resolution be transmitted to the Governor; the
13 Chairperson of the Board of Land and Natural Resources; and the
14 Executive Director of the Sand Island Business Association.
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OFFERED BY:

Calvin K. Y. Song
(By Request)

MAR 13 2013

