

---

---

## HOUSE 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

5  
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

9  
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

14  
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

18  
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

23  
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

28  
29 WHEREAS, the Department of Land and Natural Resources has  
30 expressed a willingness to sell or exchange Sand Island  
31 Industrial Park lots, provided that certain conditions are met;  
32 and



1           WHEREAS, this body recognizes the Sand Island Business  
2 Association's considerable investment in the infrastructure,  
3 i.e. roads, utilities, and landscaping, at the Sand Island  
4 Industrial Park; and

5  
6           WHEREAS, this body understands that a significant portion  
7 of the recent \$97,200,000 appraisal value of the Sand island  
8 Industrial Park is due to the Sand Island Business Association's  
9 considerable infrastructure investment; and

10  
11           WHEREAS, this body recognizes that the Department of Land  
12 and Natural Resources has the legal authority to administer the  
13 disposition of the Sand Island Industrial Park through land  
14 exchanges; and

15  
16           WHEREAS, the majority of Sand Island Business Association's  
17 membership is comprised of small locally owned businesses  
18 employing approximately two-thousand employees; and

19  
20           WHEREAS, this body recognizes the State's need to foster  
21 the long-term growth of the Sand Island Business Association  
22 members while promoting revenue growth for the Department; and

23  
24           WHEREAS, this body recognizes that a land exchange would  
25 help secure the viability of small businesses while enhancing  
26 the State's opportunities for higher valued properties; and

27  
28           WHEREAS, this body recognizes the need to mitigate the  
29 risks associated with over half of the Department of Land and  
30 Natural Resources' revenue for operations concentrated in a  
31 single market segment located in a tsunami inundation zone; and

32  
33           WHEREAS, geographic diversification in areas less  
34 susceptible to natural disasters further protects the Department  
35 of Land and Natural Resources' income stream; and

36  
37           WHEREAS, this body understands that a portfolio of  
38 diversified properties offers the Department of Land and Natural  
39 Resources increased opportunities for stronger future revenue  
40 growth while reducing risk; and

41  
42           WHEREAS, this body recognizes that time is of the essence  
43 with properties available for sale at discounted prices; and

44



1 WHEREAS, currently low interest rates allow for maximum  
2 borrowing capacity to the Sand Island Business Association  
3 members to help finance the land exchange; and  
4

5 WHEREAS, the recent economic downturn has provided  
6 opportune timing to acquire premium properties at significant  
7 discounts; and  
8

9 WHEREAS, interest rates and the availability of prospective  
10 replacement properties are constantly changing, and to take  
11 advantage of the timing in market dislocation, exchanges must  
12 occur with urgency; now, therefore,  
13

14 BE IT RESOLVED by the House of Representatives of the  
15 Twenty-seventh Legislature of the State of Hawaii, Regular  
16 Session of 2013, that the Department of Land and Natural  
17 Resources and the Sand Island Business Association are urged to  
18 continue their discussions regarding the sale or exchange of  
19 parcels of land within the Sand Island Industrial Park; and  
20

21 BE IT FURTHER RESOLVED that the Department of Land and  
22 Natural Resources is requested to submit three preliminary  
23 reports to the Legislature as follows:  
24

25 (1) A report regarding discussions and actions taken prior  
26 to the adjournment of the Regular Session of 2013, to  
27 be submitted to the Legislature no later than twenty  
28 days subsequent to the adjournment of the Regular  
29 Session of 2013;  
30

31 (2) A report regarding discussions and actions taken prior  
32 to July 1, 2013, to be submitted to the Legislature no  
33 later than July 31, 2013; and  
34

35 (3) A report regarding discussions and actions taken prior  
36 to October 1, 2013, to be submitted to the Legislature  
37 no later than October 31, 2013; and  
38

39 BE IT FURTHER RESOLVED that the Department of Land and  
40 Natural Resources is requested to submit a final report of the  
41 discussions and actions taken, including any proposed  
42 legislation, to the Legislature no later than twenty days prior  
43 to the convening of the Regular Session of 2014; and  
44



1 BE IT FURTHER RESOLVED that certified copies of this  
2 Resolution be transmitted to the Governor; the Chairperson of  
3 the Board of Land and Natural Resources; and the Executive  
4 Director of the Sand Island Business Association.  
5  
6  
7

OFFERED BY:

*Calvin H. Day*  

---

*(By Request)*

MAR 13 2013

