
A BILL FOR AN ACT

RELATING TO CHAPTER 171, HAWAII REVISED STATUTES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Many of the leases for commercial, industrial,
2 hotel, and resort properties on state land are nearing the end
3 of the lease terms. Faced with the uncertainty of continued
4 tenancy, lessees have little incentive to make major investments
5 in improvements to their infrastructures and ensure the long-
6 term maintenance of their facilities. As a result, the
7 infrastructures on these properties have been deteriorating.

8 A 2003 study by the legislative reference bureau found
9 that, for commercial and industrial zoned lands, much of the
10 existing industrial inventory is old, dilapidated, and in need
11 of renovation or development. The study also found that the
12 State is the largest landowner of leasehold commercial and
13 industrial parcels in Hawaii.

14 Improvements to commercial, hotel, resort, and industrial
15 infrastructures are important to the growth and expansion of
16 Hawaii businesses. Moreover, the enhancement of Hawaii's
17 tourism infrastructure will help to accommodate the anticipated



1 influx of visitors, particularly to east Hawaii, resulting from
2 the direct mainland flights that started in the summer of 2011.

3 Act 219, Session Laws of Hawaii 2011, authorized the board
4 of land and natural resources to extend certain hotel and resort
5 leases for lessees who commit to substantial improvements to the
6 existing improvements. However, Act 219 did not authorize the
7 extension of commercial or industrial leases.

8 The purpose of this Act is to amend Act 219, Session Laws
9 of Hawaii 2011, by:

- 10 (1) Authorizing the board of land and natural resources to
11 extend, in addition to hotel and resort leases,
12 commercial and industrial leases;
- 13 (2) Authorizing the extension of leases for substantial
14 improvements to the leased premises; and
- 15 (3) Extending the repeal date to December 31, 2017.

16 SECTION 2. Act 219, Session Laws of Hawaii 2011, is
17 amended as follows:

18 1. By amending the title and subsection (a) of section
19 171- , Hawaii Revised Statutes, in section 2 of the Act, to
20 read:

21 "§171- ~~Hotel~~ Commercial, industrial, hotel, or resort
22 leases; extension of term. (a) Notwithstanding section 171-36,



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1 the board may extend the rental period of a lease of public
 2 lands for commercial, industrial, hotel, or resort use upon the
 3 approval by the board of a development agreement proposed by the
 4 lessee or by the lessee and developer to make substantial
 5 improvements to the leased premises or existing improvements."

6 2. By amending section 4 to read:

7 "SECTION 4. This Act shall take effect on July 1, 2011;
 8 provided that this Act shall be repealed on December 31, [~~2015.~~]
 9 2017."

10 SECTION 3. Statutory material to be repealed is bracketed
 11 and stricken. New statutory material is underscored.

12 SECTION 4. This Act shall take effect upon its approval.

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Report Title:

BLNR; Public Land; Industrial; Commercial; Industrial; Extension

Description:

Authorizes the BLNR to extend, in addition to hotel and resort leases, commercial and industrial leases. Authorizes the extension of leases for substantial improvements to the leased premises. Extends the repeal date of Act 219, SLH 2011, to 12/31/2017.

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