

JAN 23 2014

A BILL FOR AN ACT

RELATING TO PUBLIC LANDS.

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

1 SECTION 1. Chapter 171, Hawaii Revised Statutes, is
2 amended by adding a new section to part III to be appropriately
3 designated and to read as follows:

4 "§171- Right of first refusal; sixty-five year leases;
5 appraisals; improvements. (a) Notwithstanding section 171-14,
6 any lessee of public land under a sixty-five year lease shall
7 have the right of first refusal to renew or extend the lease of
8 the public land prior to its disposition at a public auction.

9 (b) The renewed or extended lease under subsection (a)
10 shall provide for the payment of rent at the fair market value
11 of the land. The fair market value of the land shall be
12 determined without consideration of the value of improvements
13 made to the land by the lessee. If the lessee and the board are
14 unable to agree as to the fair market rent, the rent shall be
15 determined by appraisal as provided in section 171-17(b).

16 (c) If the lessee waives its right of first refusal under
17 subsection (a) or the lessee and the board fail to reach an
18 agreement to renew or extend the lease, the board shall either:



- 1 (1) Reimburse the lessee for the depreciated value of
- 2 improvements made to the land by the lessee; or
- 3 (2) Require the lessee to restore the land to its previous
- 4 state.
- 5 (d) Subsection (a) shall not apply to any lessee who is in
- 6 arrears in the payment of taxes, rents, or other obligations
- 7 owing the State or any county or who has had, during the five
- 8 years preceding the anticipated disposition of the public land
- 9 at a public auction, a previous sale, lease, license, permit, or
- 10 easement covering other public lands canceled for failure to
- 11 satisfy the terms and conditions thereof."

12 SECTION 2. This Act does not affect rights and duties that

13 matured, penalties that were incurred, and proceedings that were

14 begun before its effective date.

15 SECTION 3. New statutory material is underscored.

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

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INTRODUCED BY: *Julius Kalvel*

Malena Jones



S.B. NO. 2967

Report Title:

Public Lands; Right of First Refusal

Description:

Grants certain lessees of public land the right of first refusal to extend or renew a lease prior to a public auction of the land. Establishes appraisal process to assist in the determination of the fair market value of the land for rental purposes where the lease is renewed or extended. Provides for the disposition of improvements to the land where the lease is not renewed or extended.

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