

Honolulu, Hawaii
February 14, 2014

RE: H.B. No. 1688
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Water & Land, to which was referred H.B. No. 1688 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC LANDS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Grant certain lessees of public land the right of first refusal to extend or renew a lease prior to a public auction of the land;
- (2) Establish an 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; and
- (3) Provide for the disposition of improvements to the land where the lease is not renewed or extended.

Citizens for Fair Valuation; Hawaii Island Chamber of Commerce; and a few concerned individuals testified in support of this measure. The Department of Land and Natural Resources testified in opposition of this measure. The Hawaii Farm Bureau Federation commented on this measure.

Your Committee notes that financing for capital infrastructure investments often requires a long-term (30-year)

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lease and this measure is necessary for holders of long-term leases and to make the most of the land leased through capital improvement projects. Therefore, your Committee has amended this measure by:

- (1) Clarifying that the types of long-term leases on public land available for extension have the following characteristics:
 - (A) There are ten years or less on the lease;
 - (B) The lease is in good standing;
 - (C) Extension is required to secure financing for a capital investment on the property; and
 - (D) The lessee demonstrates that the lessee is qualified for available financing that is dependent on extension of the lease term by providing documentation from the lender;
- (2) Requiring that the lessee is entitled on only one extension and the aggregate term of the original lease plus the extension be no longer than 85 years; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Water & Land that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1688, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1688, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Water & Land,


CINDY EVANS, Chair



State of Hawaii
House of Representatives
The Twenty-seventh Legislature

HSCR 548-14

Record of Votes of the Committee on Water & Land

Bill/Resolution No.: HB 1688	Committee Referral: WAL, FIN	Date: 2-12-14		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
WAL Members	Ayes	Ayes (WR)	Nays	Excused
1. EVANS, Cindy (C)	✓			
2. LOWEN, Nicole E. (VC)	✓			
3. CULLEN, Ty J.K.	✓			
4. HANOHANO, Faye P.			✓	
5. KAWAKAMI, Derek S.K.	✓			
6. LEE, Chris	✓			
7. SAY, Calvin K.Y.	✓			
8. NISHIMOTO, Scott Y.	✓			
9. FALE, Richard Lee		✓		
10. THIELEN, Cynthia			✓	
TOTAL (10)	7	1	2	
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 10pt;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <i>Nicole E. Lowen</i>				
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