

Honolulu, Hawaii

April 1, 2014

RE: S.B. No. 707
S.D. 2
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 S.B. No. 707, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

begs leave to report as follows:

The purpose of this measure as it was received by your Committee is to repeal the statutory authorization for the Public Land Development Corporation and provide for the disposition of that agency's funds, personnel, and assets.

For purposes of a public hearing, your Committee posted notice of a proposed House Draft of this measure. The proposed House Draft noticed and circulated by your Committee deleted the contents of S.B. No. 707, S.D. 2 and inserted language that:

- (1) Grants lessees of public land, excluding those disqualified due to violation of lease terms or other state or county requirements, the statutory right to relinquish the lease at any time during the lease period;
- (2) Provides a process for appraisal and valuation of improvements to the leased land similar to that required in the case of repurchase of improved public land by the Board of Land and Natural Resources; and



- (3) Provides for disposition of the relinquished lease by public auction in which the relinquishing lessee may bid; determination of the terms of a subsequent lease; and reimbursement of the relinquishing lessee by a subsequent lessee for the value of any improvements.

An individual submitted comments on this measure as it was received by your Committee.

Takamine Construction, Inc.; Mauna Kea Infrared, LLC; Japanese Chamber of Commerce & Industry; and several individuals submitted testimony in support of the proposed House Draft. The Department of Land and Natural Resources and Department of Transportation submitted testimony in opposition to the proposed House Draft. Hilo Bay Printing Company, LTD submitted comments on the proposed House Draft.

Your Committee has amended this measure from the form in which it was received by accepting the proposed House Draft with a further amendment to specify that the right to relinquish a lease of public land applies only to lands subject to the management, administration, or control of the Department of Land and Natural Resources.

Many currently existing commercial and industrial ground leases of public lands date back to the period immediately following statehood and are due to expire in the next few years. Your Committee finds that the imminent expiration of these leases impedes lessees' ability to secure financing for new or renovated capital improvements to the land, thereby contributing to the degradation of infrastructure and resulting limitations on productive use. Further, expiration of these leases creates uncertainty with regard to the continued operation of the commercial and industrial enterprises at issue, many of which are small businesses owned by local individuals and families. Because of the impending expiration of so many public land leases across the State, your Committee finds that the time is right to address this issue and to move toward a solution that protects the interests of the State and promotes economic opportunity and small business development.

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 S.B. No. 707, S.D. 2, as amended herein, and recommends that it pass Second



Reading in the form attached hereto as S.B. No. 707, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

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 1374-14

Record of Votes of the Committee on Water & Land

Bill/Resolution No.: SB 707, SDZ	Committee Referral: WAL	Date: 3/28/14		
<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)	X			
2. LOWEN, Nicole E. (VC)				X
3. CULLEN, Ty J.K.	X			
4. HANOHANO, Faye P.		X		
5. KAWAKAMI, Derek S.K.				X
6. LEE, Chris				X
7. SAY, Calvin K.Y.	X			
8. NISHIMOTO, Scott Y.				X
9. FALE, Richard Lee	X			
10. THIELEN, Cynthia	X			
TOTAL (10)	5	1		4
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small>				
Vice Chair's or designee's signature: <u>Cynthia Thielen</u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				