

STAND. COM. REP. NO.

1595

Honolulu, Hawaii

APR 07 2017

RE: H.B. No. 575
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 575, H.D. 1, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to authorize the Board of Land and Natural Resources to extend commercial, hotel, resort, and industrial leases for state lands in the Banyan Drive and Kanoelehua industrial area of Hilo, Hawaii, for lessees to make qualifying substantial improvements to the land.

Your Committee received written comments in support of this measure from the Mayor of the County of Hawaii, the Building Industry Association of Hawaii, Chamber of Commerce Hawaii, Hawaii Association of REALTORS, Hawaii Government Employees Association, Hilo Health Cooperative, HPM Building Supply, the Kanoelehua Industrial Area Association, OceanFront 121 Residential Hotel, Takamine Construction, Inc., and two individuals.

Your Committee received written comments on this measure from the Department of the Attorney General, the Department of Land and Natural Resources, the County of Hawaii Planning Department, and one individual.



Your Committee finds that public land leases are statutorily limited to sixty-five years without the possibility of renewing the terms of the lease, which leaves long-standing lessee businesses with little incentive to make major repairs or improvements to applicable leasehold properties during the last five to fifteen years of the lease. Your Committee believes that creating a mechanism to assist these lessees and encourage economic development on leasehold properties by allowing the lessees to voluntarily request that their leases be offered for bid at a public auction, and allowing the lessees to bid on new leases, is in the public interest.


Your Committee respectfully requests that the Conference Committee on this measure consider the following issues that have been raised:

- (1) Whether, for purposes of clarity, the phrase "notwithstanding any lease provision to the contrary" should be inserted on page 3, lines 19-21, to provide that "unless specifically required to do so by the board, notwithstanding any lease provision to the contrary, a relinquishing lessee shall not be required to remove improvements or restore the land to a vacant condition";
- (2) Whether the "board", rather than the "department", should be designated on page 4, line 15, as the authority for allowing a relinquishing lessee to remain on the land longer than the prescribed period;
- (3) Whether lease terms for a new auctioned lease that require the payment of a premium equal to the residual value of any improvements should be deleted as inconsistent with the State's obligations under the public land trust recognized by Article XII, section 4, of the state constitution;
- (4) Whether a lessee should be compensated for the value of improvements made by the lessee, due to the lessee's voluntary early lease termination; and
- (5) Whether remaining lease rent should be clarified upon a lessee's relinquishing of an original lease term.



As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 575, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

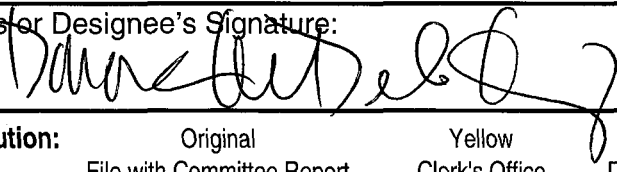


JILL N. TOKUDA, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 575, HDI, SDI	WTL, WAM	3/31/17		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input checked="" type="checkbox"/> Pass, unamended 2312	<input type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	/			
INOUYE, Lorraine R.	/			
KAHELE, Kaiali'i	/			
RIVIERE, Gil	/			
SHIMABUKURO, Maile S.L.				/
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
TOTAL	10			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes