

Honolulu, Hawaii

FEB 14, 2020

RE: H.B. No. 2578
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Water, Land, & Hawaiian Affairs, to which was referred H.B. No. 2578 entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Authorize the designation of areas or regions of public lands classified as commercial, industrial, resort, and hotel, apartment, and motel use and authorize the establishment and implementation of guidelines for the development of the areas or regions that will:
 - (A) Modernize the policies for the management of public lands in the designated area;
 - (B) Establish a plan for the designated area, including district-wide improvements, that is coordinated with state and county land use and planning policies; and
 - (C) Implement asset and property management concepts that can optimize income from the properties and evolve in response to changing principles of property administration;



- (2) Designate the public lands on the Waiakea peninsula on the island of Hawaii as the Waiakea Peninsula Redevelopment District;
- (3) Allow the Board of Land and Natural Resources to issue a rent waiver or reduction for certain lessees' expenses relating to the demolition or provision of basic infrastructure;
- (4) Authorize a local redevelopment agency to contract with a developer for construction of non-residential projects on public land within a redevelopment area;
- (5) Exempt the costs of construction work or improvements of a redevelopment project from general excise and use taxes; and
- (6) Establish the Waiakea Redevelopment District Revolving Fund and appropriate funds for the Waiakea Redevelopment District.

Your Committee received testimony in support of this measure from one individual. Your Committee received comments on this measure from the Department of Land and Natural Resources, Department of Budget and Finance, Department of Taxation, Office of Hawaiian Affairs, Office of the Mayor of the County of Hawai'i, and one individual.

Your Committee finds that there has been little incentive for lessees of lands for commercial, industrial, resort, or hotel, apartment, and motel uses to make major improvements to their infrastructure. As a result, many of these areas are dilapidated or have obsolete buildings and structures. Additionally, the lease forms for some lessees with outdated or obsolete infrastructure do not require the lessee to remove the improvements at the end of the lease term. As a result, the State must either bear the entire cost of the demolition, unless the State can pass the cost of redevelopment on to a future lessee.

Your Committee has amended this measure by:

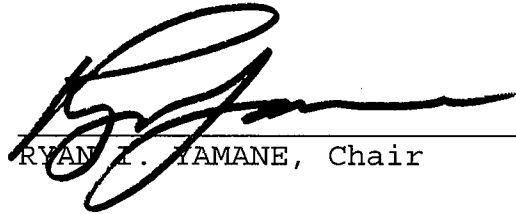
- (1) Adding a severability clause;



- (2) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Water, Land, & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2578, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2578, H.D. 1, and be referred to your Committee on Finance.

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



RYAN I. YAMANE, Chair



