

Honolulu, Hawaii  
FEB 07 , 2024

RE: H.B. No. 2467  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Water & Land, to which was referred H.B. No. 2467 entitled:

"A BILL FOR AN ACT RELATING TO RENT CREDITS FOR DEMOLITION AND INFRASTRUCTURE COSTS ON PUBLIC LAND LEASES,"

begs leave to report as follows:

The purpose of this measure is to repeal the sunset provision of Act 222, Session Laws of Hawaii 2021, to allow the Board of Land and Natural Resources to continue to approve rental reductions or waivers for leases that require substantial demolition costs or infrastructure improvement costs for the lessee to utilize the premises.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from one individual.

Your Committee finds that older long-term leases of public lands did not require the lessees to remove improvements at the expiration of the lease term. In cases of significant improvements, such as hotels, the costs for demolishing the improvements were estimated to be as high as \$10,000,000.



To address this issue, Act 222, Session Laws of Hawaii 2021 (Act 222), authorizes the Board of Land and Natural Resources to approve rent credits to incentivize lessees to conduct demolition work or make infrastructure improvements. Act 222 has allowed the Board to respond to market conditions in its negotiations for public land leases and incentivize development of public lands while shifting the cost burden onto the lessees who stand to benefit most directly from it. However, Act 222 is scheduled to sunset on June 30, 2026. This measure repeals the sunset provision of Act 222 and makes permanent the Board's authority to provide these rental reductions or waivers.

Your Committee has amended this measure by changing the effective date to July 1, 3000, to encourage further discussion.

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. 2467, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2467, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.

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

  
LINDA ICHIYAMA, Chair



