

Honolulu, Hawaii
, 2024

FEB 16

RE: H.B. No. 2579
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 Consumer Protection & Commerce, to which was referred H.B. No. 2579, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Prohibit the Board of Land and Natural Resources from unilaterally amending the terms and conditions of any lease of public land being extended in the Hilo Community Economic District, except as provided in the authorizing law; and
- (2) Allow the Board of Land and Natural Resources to amend the terms and conditions of any lease of public land in the District to reflect the most current lease form and leasing practices and policies only if the lease form and leasing practice and policies are included in the rules of the Board.

Your Committee received testimony in support of this measure from one member of the Hawai'i County Council and Japanese Chamber of Commerce & Industry of Hawaii. Your Committee received



testimony in opposition to this measure from the Department of Land and Natural Resources.

Your Committee finds that Act 149, Session Laws of Hawaii 2018 (Act 149), established a ten-year pilot project to authorize the Board of Land and Natural Resources to extend leases of public land in an area to be known as the Hilo Community Economic District to facilitate efficient and effective improvement and economic opportunity in the area for lessees who commit to making substantial improvements to the existing improvements or constructing new substantial improvements.

Your Committee further finds that the Department of Land and Natural Resources, based on its understanding of a Hawaii Supreme Court case, treated the extension of leases differently depending on whether the lease was issued by public auction or direct negotiation. Public auction leases would be extended on their original terms and conditions while direct negotiation leases would be updated to the current standard terms and conditions. However, following subsequent legal advice, the Department could update public auction leases to the extent necessary to implement the requirements of Act 149. This measure clarifies the Board's authority to amend terms and conditions of any extension of public land leases in the Hilo Community Economic District.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2579, H.D. 1, and recommends that it be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



MARK M. NAKASHIMA, Chair



