

ACT 175

H.B. NO. 2623

A Bill for an Act Relating to Public Land Leases.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 171, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§171- **Lease restriction; lease term extension.** In addition to the restrictions provided in section 171-36 and 171-37, lessees as of the effective date of this Act whose leases have a total lease period of less than sixty-five years from the date originally entered into and including any extensions, shall have until June 30, 1995, to apply to the board and the board may extend the term of

the lease to the extent necessary to qualify the lease for mortgage lending or guaranty purposes with any lending institution registered and qualified to do business in the State; provided that the approval of any extension shall be subject to the following:

- (1) The aggregate of the initial term and any extension granted shall not be for more than sixty-five years;
- (2) The demised premises have been used substantially for the purpose for which they were originally leased;
- (3) There shall be an immediate renegotiation of the lease rental and the new rental shall not be less than the rental for the preceding term;
- (4) The mortgage loan moneys shall solely be used towards improvement of the lease premises;
- (5) The lease shall not be assigned within five years from the date of execution of the mortgage loan; and
- (6) The rules of the board, setting forth any additional terms and conditions which shall insure and promote the purposes of the demised premises.”

SECTION 2. New statutory material is underscored.¹

SECTION 3. This Act shall take effect upon its approval and shall be repealed on July 1, 1995.

(Approved June 21, 1994.)

Note

1. Edited pursuant to HRS §23G-16.5.