

ACT 114

S.B. NO. 3157

A Bill for an Act Relating to Direct Negotiation for Public Land Leases.

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

SECTION 1. The legislature finds that the public auction process that is normally used to dispose of public land leases has become too protracted, cumbersome, and uncertain to the extent that it has deterred participation by potential lessees. The result is that properties have remained vacant, generating no income and serving no public benefit.

The legislature also finds that expediting the leasing process would potentially make properties more attractive to prospective lessees and result in the creation of a long-term income stream.

The purpose of this Act is to expand the disposition of public land leases through direct negotiation to include commercial and industrial purposes.

SECTION 2. Section 171-59, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) Disposition of public lands for uses related to ~~airline , aircraft, and airport-related~~ operations; ~~agricultural processing~~; ~~cattle feed production~~; ~~aquaculture~~; commercial use on parcels of up to five acres; industrial use on parcels of up to five acres; and ~~marine, maritime, and maritime-related~~ operations may be negotiated without regard to the limitations set forth in subsection (a) and section 171-16(c); provided that:

- (1) The disposition encourages competition within the ~~[aeronautical, airport-related, agricultural, aquaculture, maritime, and maritime-related operations;]~~ relevant industries;
- (2) The disposition shall not exceed a maximum term of thirty-five years, except in the case of:

- (A) Maritime and maritime-related operations, which may provide for a maximum term of seventy years; and
- (B) Aquaculture operations, which may provide for a maximum term of sixty-five years; provided further that aquaculture operations in good standing may seek to renew a lease issued under this section and, during the lease term, may engage in supportive activities that are related to or integrated with aquaculture; ~~[and]~~
- (3) The method of disposition of public lands for cattle feed production as set forth in this subsection shall not apply after December 31, 1988~~[-]; and~~
- (4) After holding at least two public hearings, the board approves the disposition.

For the purposes of this subsection:

“Agricultural processing” means the processing of agricultural products, including dairying, grown, raised, or produced in Hawaii.

“Airport-related” means a purpose or activity that requires air transportation to achieve that purpose or activity; or an activity that generates revenue for the airport system as provided in section 261-7.

“Aquaculture” means the propagation, cultivation, or farming of aquatic plants and animals in controlled or selected environments for research, commercial, or stocking purposes, including aquaponics or any growing of plants or animals with aquaculture effluents.

“Maritime-related” means a purpose or activity that requires and is directly related to the loading, off-loading, storage, or distribution of goods and services of the maritime industry.”

SECTION 3. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval; provided that on June 30, 2029, this Act shall be repealed and section 171-59(b), Hawaii Revised Statutes, shall be reenacted in the form in which it read on the day prior to the effective date of this Act.

(Approved June 27, 2024.)