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# A BILL FOR AN ACT

RELATING TO PUBLIC LANDS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Chapter 171, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:  
4           "§171- Commercial, hotel, resort, or industrial leases;  
5 extension of term. (a) Notwithstanding section 171-36, the  
6 board may extend the rental period of a lease of public lands  
7 for commercial, hotel, resort, or industrial use upon the  
8 approval by the board of a development agreement proposed by the  
9 lessee or lessee and developer to make substantial improvements  
10 to the demised premises.  
11           (b) Prior to entering into a development agreement, the  
12 lessee or lessee and developer shall submit to the board the  
13 plans and specifications for the total development being  
14 proposed. The board shall review the plans and specifications  
15 and determine:  
16           (1) Whether the development proposed in the development  
17 agreement is of sufficient worth and value to justify  
18 the extension of the lease;



1       (2) The estimated period of time to complete the  
2           improvements and expected date of completion of the  
3           improvements; and

4       (3) The minimum revised annual rent based on the fair  
5           market value of the lands to be developed, as  
6           determined by an appraiser for the board, and  
7           percentage rent where gross receipts exceed a  
8           specified amount.

9       No lease extension shall be approved until the board and the  
10       lessee or lessee and developer mutually agree to the terms and  
11       conditions of the development agreement.

12       (c) No construction shall commence until the lessee or  
13       lessee and developer have filed with the board a sufficient bond  
14       conditioned upon the full and faithful performance of all the  
15       terms and conditions of the development agreement.

16       (d) Any extension of a lease pursuant to this section  
17       shall be based upon the substantial improvements to be made and  
18       shall be for a period not longer than fifty-five years.

19       (e) As used in this section "substantial improvements"  
20       means any renovation, rehabilitation, reconstruction, or  
21       construction of the demised premises, including minimum  
22       requirements for off-site and on-site improvements, the cost of



1 which equals or exceeds fifty per cent of the market value of  
 2 the demised premises, that the lessee or lessee and developer  
 3 shall install, construct, and complete by the date of completion  
 4 of the total development."

5 SECTION 2. New statutory material is underscored.

6 SECTION 3. This Act shall take effect upon its approval  
 7 and shall be repealed on December 31, 2015.

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INTRODUCED BY:

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JAN 26 2011



**Report Title:**

BLNR; Public Lands; Lease Extension; Development Agreement

**Description:**

Authorizes BLNR to extend leases of public lands for commercial, hotel, resort, or industrial use upon approval of a proposed development agreement to make substantial improvements to the premises.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

