



GOV. MSG. NO. 1242

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

June 25, 2015

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 25, 2015, the following bill was signed into law:

SB544 SD1 HD1 CD1

RELATING TO NATURAL RESOURCES
ACT 142 (15)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

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OFFICE OF THE PRESIDENT

'15 JUN 26 P1:38

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THE SENATE
CLERK'S OFFICE
STATE OF HAWAII

'15 JUN 26 P3:11

A BILL FOR AN ACT

RELATING TO NATURAL RESOURCES.

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

1 SECTION 1. The legislature finds that the department of
2 land and natural resources has the responsibility of planning
3 for the disposition of commercial, industrial, hotel, and resort
4 classes of public lands to determine: specific use or uses;
5 minimum size of parcels; required building construction or
6 improvements; and lease terms and requirements.

7 The legislature also finds that one of the consequences of
8 the state law requiring that public land leases be issued
9 pursuant to public bidding is that an existing lessee may have
10 little incentive to make major repairs or improvements to their
11 leasehold properties during the last five to fifteen years of
12 the lease, which sometimes results in the deterioration of
13 infrastructure and facilities.

14 The legislature further finds that the rejuvenation of
15 areas of public lands that have become dilapidated, obsolete, or
16 have deteriorated over time is in the public interest and
17 constitutes a valid public purpose.



1 The purpose of this Act is to require the legislative
2 reference bureau to study how other select states manage end-of-
3 term commercial leases involving public lands and to identify
4 best practices in commercial leasing of public lands.

5 SECTION 2. (a) The legislative reference bureau shall
6 conduct a study on how other select states administer,
7 renegotiate, re-open, extend, or otherwise dispose of long-term
8 leases of public lands that are about to expire to determine how
9 the respective government lessors manage, handle, or deal with
10 leases that:

11 (1) Terminate within ten years; and
12 (2) Have lessees or tenants who are unwilling or unable to
13 secure financing to invest capital into improvements
14 that they cannot recoup due to the limited remaining
15 term of the lease.

16 (b) As part of the study under subsection (a), the
17 legislative reference bureau shall consider the means by which
18 the State, as a landowner, can balance the public policy of
19 opening up state lands for competitive bidding or another public
20 disposition process to provide opportunities for new lessees to



1 lease state lands, with the interests of existing lessees, while
2 ensuring a fair market rental return to the State.

3 (c) The study shall include the current best practices
4 relating to the terms of commercial leases of public lands in
5 Hawaii and in other jurisdictions.

6 (d) In conducting the study, the legislative reference
7 bureau may consult with the department of land and natural
8 resources and any other public or private entity that may be of
9 assistance. The department of land and natural resources or
10 other public entity shall assist the legislative reference
11 bureau by providing answers to questions and background
12 information at the request of the bureau, or other assistance
13 deemed relevant to the study.

14 (e) If the legislative reference bureau determines that it
15 does not possess the resources or expertise necessary to conduct
16 the study, the legislative reference bureau may contract for
17 outside services to conduct the study; provided that the
18 legislative reference bureau shall not be subject to chapter
19 103D, Hawaii Revised Statutes, in obtaining the outside
20 services.



1 SECTION 3. No later than twenty days prior to the
2 convening of the regular session of 2016, the legislative
3 reference bureau shall submit to the legislature a report of its
4 findings and recommendations, including any proposed legislation
5 to incorporate current best practices in the terms of commercial
6 leases of public lands in Hawaii.

7 SECTION 4. There is appropriated out of the general
8 revenues of the State of Hawaii the sum of \$100,000 or so much
9 thereof as may be necessary for fiscal year 2015-2016 for the
10 legislative reference bureau to conduct a study pursuant to this
11 Act.

12 The sum appropriated shall be expended by the legislative
13 reference bureau for the purposes of this Act.

14 SECTION 5. This Act shall take effect on July 1, 2015.
15

APPROVED this 25 day of JUN, 2015



GOVERNOR OF THE STATE OF HAWAII