

JAN 27 2016

A BILL FOR AN ACT

RELATING TO THE ACQUISITION OF MAKAI LANDS OF KAPUA IN SOUTH
KONA ON THE ISLAND OF HAWAII.

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

1 SECTION 1. The legislature finds that the makai lands of
2 Kapua in south Kona on the island of Hawaii are a scenic wonder
3 with breathtaking shoreline views that are slated for resort
4 development by its owner, The Resort Group, which has so far
5 developed the Ko Olina Resort on Oahu and Princeville at
6 Hanalei. The lands of Kapua comprise at least 6,000 acres in
7 South Kona that are classified as agricultural or conservation
8 land. The Resort Group acquired the land from the Kamehameha
9 Schools/Bishop Estate.

10 Kapua is a desirable location for an exotic vacation
11 retreat and vacation home ownership, as described by the website
12 of The Resort Group. Traditional Hawaiian language, dance,
13 music, and craftsmanship thrive in Kapua. "This is a haven
14 where modern and ancient are interwoven, a place still sparsely
15 populated and open to discovery", states the website.



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1 The legislature further finds that the State should seek to
2 acquire the makai lands of Kapua in the interests of preserving
3 the area's diminishing pristine condition for future generations
4 while ensuring the preservation of agriculture and the prudent
5 economic development of the area.

6 The purpose of this Act is to require the department of
7 land and natural resources to engage in negotiations to acquire
8 the subject lands of Kapua with excess revenues derived from the
9 transient accommodations tax.

10 SECTION 2. Section 237D-6.5, Hawaii Revised Statutes, is
11 amended by amending subsection (b) to read as follows:

12 "(b) Revenues collected under this chapter shall be
13 distributed in the following priority, with the excess revenues
14 to be deposited into the general fund:

15 (1) \$1,500,000 shall be allocated to the Turtle Bay
16 conservation easement special fund beginning July 1,
17 2015, for the reimbursement to the state general fund
18 of debt service on reimbursable general obligation
19 bonds, including ongoing expenses related to the
20 issuance of the bonds, the proceeds of which were used
21 to acquire the conservation easement and other real



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1 property interests in Turtle Bay, Oahu, for the
2 protection, preservation, and enhancement of natural
3 resources important to the State, until the bonds are
4 fully amortized;

5 (2) \$26,500,000 shall be allocated to the convention
6 center enterprise special fund established under
7 section 201B-8;

8 (3) \$82,000,000 shall be allocated to the tourism special
9 fund established under section 201B-11; provided that:

10 (A) Beginning on July 1, 2012, and ending on June 30,
11 2015, \$2,000,000 shall be expended from the
12 tourism special fund for development and
13 implementation of initiatives to take advantage
14 of expanded visa programs and increased travel
15 opportunities for international visitors to
16 Hawaii;

17 (B) Of the \$82,000,000 allocated:

18 (i) \$1,000,000 shall be allocated for the
19 operation of a Hawaiian center and the
20 museum of Hawaiian music and dance at the
21 Hawaii convention center; and



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- 1 (ii) 0.5 per cent of the \$82,000,000 shall be
2 transferred to a sub-account in the tourism
3 special fund to provide funding for a safety
4 and security budget, in accordance with the
5 Hawaii tourism strategic plan 2005-2015; and
- 6 (C) Of the revenues remaining in the tourism special
7 fund after revenues have been deposited as
8 provided in this paragraph and except for any sum
9 authorized by the legislature for expenditure
10 from revenues subject to this paragraph,
11 beginning July 1, 2007, funds shall be deposited
12 into the tourism emergency special fund,
13 established in section 201B-10, in a manner
14 sufficient to maintain a fund balance of
15 \$5,000,000 in the tourism emergency special fund;
- 16 (4) \$103,000,000 for fiscal year 2014-2015, \$103,000,000
17 for fiscal year 2015-2016, and \$93,000,000 for each
18 fiscal year thereafter shall be allocated as follows:
19 Kauai county shall receive 14.5 per cent, Hawaii
20 county shall receive 18.6 per cent, city and county of
21 Honolulu shall receive 44.1 per cent, and Maui county



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1 shall receive 22.8 per cent; provided that commencing
2 with fiscal year 2018-2019, a sum that represents the
3 difference between a county public employer's annual
4 required contribution for the separate trust fund
5 established under section 87A-42 and the amount of the
6 county public employer's contributions into that trust
7 fund shall be retained by the state director of
8 finance and deposited to the credit of the county
9 public employer's annual required contribution into
10 that trust fund in each fiscal year, as provided in
11 section 87A-42, if the respective county fails to
12 remit the total amount of the county's required annual
13 contributions, as required under section 87A-43; [and]
14 (5) \$3,000,000 shall be allocated to the special land and
15 development fund established under section 171-19;
16 provided that the allocation shall be expended in
17 accordance with the Hawaii tourism authority strategic
18 plan for:
19 (A) The protection, preservation, maintenance, and
20 enhancement of natural resources, including
21 beaches, important to the visitor industry;



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1 (B) Planning, construction, and repair of facilities;
2 and

3 (C) Operation and maintenance costs of public lands,
4 including beaches, connected with enhancing the
5 visitor experience[-]; and

6 (6) \$ _____ shall be allocated to the purchase of the
7 makai lands of Kapua, island of Hawaii; and

8 All transient accommodations taxes shall be paid into the
9 state treasury each month within ten days after collection and
10 shall be kept by the state director of finance in special
11 accounts for distribution as provided in this subsection.

12 As used in this subsection, "fiscal year" means the twelve-
13 month period beginning on July 1 of a calendar year and ending
14 on June 30 of the following calendar year."

15 SECTION 3. The department of land and natural resources,
16 in consultation with The Trust for Public Land, shall engage in
17 negotiations to acquire land located at Kapua, island of Hawaii,
18 identified as TMK _____, from The Resort Group.

19 SECTION 4. Any acquisition of land by the State as a
20 result of negotiations under section 3 of this Act shall be
21 funded in whole or in part from transient accommodations tax



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1 revenues as provided in the amendments under section 2 of this
2 Act.

3 SECTION 5. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2016-2017 to
6 acquire land located at Kapua, island of Hawaii, identified as
7 TMK , from The Resort Group pursuant to this Act.

8 The sum appropriated shall be expended by the department of
9 land and natural resources for the purposes of this Act.

10 SECTION 6. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 7. This Act shall take effect on July 1, 2016.

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Report Title:

DLNR; Kapua; Land Acquisition; Transient Accommodations Tax Revenue; Appropriation

Description:

Requires the department of land and natural resources, in consultation with The Trust for Public Land, to engage in negotiations to acquire makai land located at Kapua, island of Hawaii. Requires the acquisition to be funded wholly or in part by transient accommodations tax revenues. Makes an appropriation for any additional amounts required for the acquisition.

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