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# 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.

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S.B. NO. 544  
S.D. 1  
H.D. 1  
C.D. 1

**Report Title:**

Public Lands; Commercial Leases; Legislative Reference Bureau;  
Study; Appropriation

**Description:**

Requires the legislative reference bureau to study how other states manage, handle, or deal with end-of-term commercial leases of public lands. Requires the study to include the current best practices in commercial leasing of public lands in Hawaii and in other jurisdictions. Requires a report to the legislature. Makes an appropriation. (CD1)

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

