

LATE TESTIMONY

LINDA LINGLE
GOVERNOR OF HAWAII



STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES

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**Testimony of
LAURA H. THIELEN
Chairperson**

**Before the House Committee on
WATER, LAND, & OCEAN RESOURCES**

**Monday, February 1, 2010
9:30 a.m.
State Capitol, Conference Room 325**

**In consideration of
HOUSE BILL 2833
RELATING TO PUBLIC LANDS**

House Bill No. 2833 would allow leases of public lands used for hotel or resort purposes to be extended for up to an additional 55 years beyond the existing term. The Department of Land and Natural Resources (Department) opposes this bill.

House Bill No. 2833 requires a proposed lease extension to be subject to the Department and lessee negotiating and agreeing upon a development agreement, which would require the Department to, among other things, review the lessee's plans and specifications for improvements to the property and subsequently negotiate the value of the proposed improvements, length of the lease extension, market value of the demised premises, and annual rent to be paid under the extended lease.

The Department continues to face severe budget cutbacks. The Department's general fund appropriations and special fund revenues have dropped over 32% and 35%, respectively, in less than three years, and the Department lost more than 10% of its positions (over 80 positions) this past year. The bill imposes duties that would require a substantial amount of staff time and funding for appraisals to determine the value of the improvements, demised premises, and new annual rent. The Department simply does not have the resources and staffing necessary to undertake the additional duties that would be required under this bill.

Furthermore, leases of public lands are governed by Chapter 171, Hawaii Revised Statutes, which imposes a maximum lease term of 65 years. This limit is intended to allow a lessee sufficient time to occupy the property and recoup its investment, while also precluding that lessee from using and occupying public lands in perpetuity. House Bill 2833 ignores these public policies and grants hotel/resort leases special status over all public land leases by allowing a hotel/resort lessee to have exclusive use of public lands for up to 120 years.

LAURA H. THIELEN
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

RUSSELL Y. TSUJI
FIRST DEPUTY

KEN C. KAWAHARA
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
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CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
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William P. Kenoi
Mayor



William T. Takaba
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LATE TESTIMONY

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January 27, 2010

Honorable Ken Ito, Chair
House Committee on Water, Land, & Ocean Resources
Hawai'i State Capitol, Room 420
415 South Beretania Street
Honolulu, Hawai'i 96813

TESTIMONY ON H.B. 2833 RELATING TO PUBLIC LANDS

Monday, February 1, 2010

9:30 a.m.

Conference Room 325

Aloha, Chair Ito and Members of the Committee:

Thank you for this opportunity to strongly support House Bill 2833, RELATING TO PUBLIC LANDS, authorizes the Board of Land and Natural Resources to extend the leases of public lands for commercial, hotel, resort, or industrial use up to fifty-five years, based upon substantial improvements made to the premises.

H.B. 2833 will be of particular value in providing an incentive for lessees on Banyan Drive in Hilo to make improvements to their premises, which comprise the largest inventory of hotel rooms in East Hawaii. Because most of the leases will expire in 2015, the lessees have no incentive in making improvements to their premises, placing the future of what is the only significant resort area in East Hawaii in jeopardy of further deterioration.

H.B. 2833 will also provide incentives for lessees of commercial and industrial leases on public lands, which similarly face the expiration of leases of their leasehold assets, to make improvements to their premises.

H.B. 2833 requires the lessee or lessee and developer to enter into a development agreement with the Board of Land and Natural Resources, which is determined to be of sufficient worth and value to justify the extension of the lease and establishes a minimum revised annual rent based on the fair market value of the land as determined by the Board's appraiser.

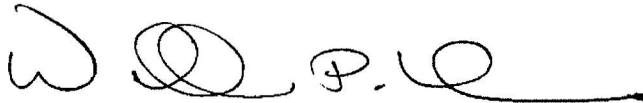
It defines "substantial improvements" as "any renovation, rehabilitation, reconstruction, or construction, including minimum off-site and on-site improvements, the cost of which equals or exceeds fifty percent of the market value of the premises.

In the case of Banyan Drive, we cannot wait for 2015. We need to provide incentives to make major investments in the area's infrastructure and ensure the long-term maintenance of visitor industry facilities.

We urge you to approve H.B. 2833.

Mahalo for your consideration.

Aloha,

A handwritten signature in black ink, appearing to read 'W. P. Kenoi', followed by a horizontal line.

William P. Kenoi
MAYOR