



GOV. MSG. NO. 1339

EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

July 12, 2011

The Honorable Shan Tsutsui, President  
and Members of the Senate  
Twenty-Sixth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

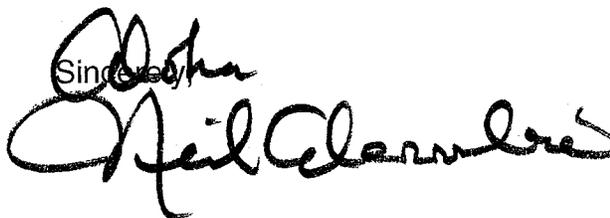
The Honorable Calvin Say, Speaker  
and Members of the House  
Twenty-Sixth State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Tsutsui, Speaker Say and Members of the Legislature:

This is to inform you that on July 12, 2011, the following bill was signed into law:

HB1164 HD1 SD1 CD1

RELATING TO PUBLIC LANDS.  
Act 235 (11)

Sincerely,  


NEIL ABERCROMBIE  
Governor, State of Hawaii

ORIGINAL

Approved by the Governor

JUL 12 2011

on \_\_\_\_\_

HOUSE OF REPRESENTATIVES  
TWENTY-SIXTH LEGISLATURE, 2011  
STATE OF HAWAII

ACT 235  
H.B. NO. 1164  
H.D. 1  
S.D. 1  
C.D. 1

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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. The legislature finds that in 1992, the  
2 department of land and natural resources entered into a  
3 fifty-five year lease with the Sand Island Business Association  
4 for the Sand Island industrial park, which covers approximately  
5 seventy-four acres divided into one hundred twelve lots. The  
6 lease required the Sand Island Business Association to develop  
7 the infrastructure improvements, sublease the lots to existing  
8 lessees, and manage the Sand Island industrial park on behalf of  
9 the department of land and natural resources. In 1999, the Sand  
10 Island Business Association completed the infrastructure  
11 improvements at a cost of more than \$41,000,000. In addition,  
12 the members of the Sand Island Business Association have  
13 invested more than \$20,000,000 in leasehold improvements to the  
14 individual lots.

15           As a result of these substantial investments, members of  
16 the Sand Island Business Association have expressed a strong  
17 interest in purchasing the fee interest of their leasehold lots.



1 In addition to securing these investments, as the lease period  
2 shortens, it becomes more difficult for the members to rely on  
3 the leasehold as an asset when attempting to secure bank loans  
4 for additional improvements.

5 The legislature understands that the department of land and  
6 natural resources relies on the lease revenue from the Sand  
7 Island industrial park to support the operations and management  
8 of public lands programs, and that the lease revenue constitutes  
9 nearly one-half of all lease revenues supporting the special  
10 land and development fund.

11 The purpose of this Act is to authorize the department of  
12 land and natural resources to consider the sale or exchange of  
13 Sand Island parcels to leaseholders, and to report its findings  
14 and recommendations to the legislature.

15 SECTION 2. (a) The department of land and natural  
16 resources may review and consider:

17 (1) The current terms of the lease between the department  
18 and the Sand Island Business Association;

19 (2) Lease income to date; projected income through the  
20 twenty-five-year fixed-rent period, which ends in



- 1           2017; and estimated income after the fixed-rent  
2           period;
- 3           (3) Whether a Sand Island parcel proposed for exchange to  
4           the department has a present and future value that is  
5           greater than or equal to that of a Sand Island parcel  
6           currently under the control of the department;
- 7           (4) Whether a Sand Island parcel proposed for exchange to  
8           the department has a tenant that would provide an  
9           income stream that is greater than or equal to the  
10          income stream generated by a tenant of a Sand Island  
11          parcel under an existing lease;
- 12          (5) The uses of the lease revenues to date, pursuant to  
13          section 171-19, Hawaii Revised Statutes; and any  
14          projected uses of future lease revenues; and
- 15          (6) Any other considerations that would affect a decision  
16          to proceed with the sale or exchange of Sand Island  
17          parcels to leaseholders.
- 18          (b) The department of land and natural resources shall  
19          report to the legislature no later than twenty days prior to the  
20          convening of the regular session of 2012, on its review and



1 consideration of the sale or exchange of Sand Island parcels to  
2 leaseholders, and its recommendations for further action.

3 SECTION 3. This Act shall take effect on July 1, 2011.

APPROVED this 12 day of JUL , 2011

*Neil Abernethy*  
GOVERNOR OF THE STATE OF HAWAII

