

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

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**Testimony of  
WILLIAM J. AILA, JR.  
Chairperson**

**Before the House Committees on  
WATER, LAND AND OCEAN RESOURCES  
and  
TOURISM**

**Monday, March 21, 2011  
9:00 AM  
State Capitol, Conference Room 325**

**In consideration of  
SENATE BILL 1530, SENATE DRAFT 1  
RELATING TO PUBLIC LANDS**

Senate Bill 1530, Senate Draft 1 would allow leases of public lands used for hotel or resort purposes in the Banyan Drive area in Hilo, Hawaii to be extended for up to an additional 55 years beyond the existing term.

The Department of Land and Natural Resources (Department) definitely favors and is in support of Senate Draft 1 over the original version of the bill, including the substantive provisions added to SECTION 2 of the bill. Although the Department believes in the policy of taking back leases of public lands at the end of a 55 or 65-year lease term and reissuing a public solicitation to allow others the opportunity to bid on a State lease, the Department recognizes the special and limited circumstances articulated in SECTION 1 of Senate Draft 1. The Department also understands the bill is not intended to allow further extensions at the end of any extensions granted under the bill.

For these reasons, the Department supports Senate Bill 1530, Senate Draft 1

**WILLIAM J. AILA, JR.**  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

**GUY H. KAULUKUKUI**  
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COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
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HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
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NEIL ABERCROMBIE  
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# Hawai'i Tourism Authority

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Testimony of  
**Mike McCartney**  
President and Chief Executive Officer  
Hawai'i Tourism Authority  
on  
**S.B. 1530, S.D.1**  
**Relating to Public Lands**

House Committee on Water, Land, & Ocean Resources  
House Committee on Tourism  
Monday, March 21, 2011  
9:00 a.m.  
Conference Room 325

The Hawai'i Tourism Authority (HTA) strongly supports S.B. 1530, S.D. 1, which provides for the extension of leases of public lands for hotel and resort use if substantial improvements are made to the premises.

The HTA is tasked with marketing and promoting Hawai'i as a visitor destination, with the goal of increasing visitor spending. One of the keys to branding Hawai'i's visitor industry and increasing visitor spending is the improvement of the tourism product, which includes the physical infrastructure. For this reason, S.B. 1530 is particularly important for the upgrading of visitor industry facilities in the Banyan Drive area on the Island of Hawai'i. Banyan Drive is the only significant resort area in East Hawai'i and is on land entirely owned by the State. With many of the leases expiring in 2015, there has been little incentive for the lessees to reinvest in their premises.

It should also be noted that during the HTA's annual meeting with stakeholders of the visitor industry in East Hawai'i, the subject of up-grading the visitor facilities on Banyan Drive is always raised. These facilities are vital to events such as the Merrie Monarch Festival, the Hawaii Island Festival-30 Days of Aloha, Hawaii Volcanoes National Park's Cultural Festival, and the Hilo Chinese New Year's Festival. In addition, East Hawaii is being considered as the site for an educational tourism experience, however, the lack of facilities from a quantitative and qualitative standpoint, may prevent the full development of this niche market.

Beginning this summer there will be direct flights from the mainland to Hilo, starting with daily service from Los Angeles and a weekly service from San Francisco, which is planned to expand to a daily service. Further, East Hawaii is also being considered as the site for an educational tourism experience. In order to maintain this airlift, we must be able to drive demand. The visitor facilities in East Hawaii are an important part of creating this demand. The lack of facilities from a quantitative and qualitative standpoint, however, may prevent the full development of these marketing opportunities

As such, the HTA supports S.B. 1530, S.D. 1, which would provide for a lease extension to enable the private sector the incentive to improve Hawai'i's hotel facilities which in turn, ensures that Hawai'i remains competitive as a destination while providing enhancements to the visitor experience.

We feel, however, that subsection (h) of the new section proposed in the bill is too limiting by narrowly defining "hotel or resort" to a development that provides transient accommodations and *related services such as such as a front desk, housekeeping, food and beverage, room service, and other services customarily associated with transient accommodations*. Also, the reference in SECTION1 of the bill authorizing "...the board of land and natural resources to authorize the extension of hotel and resort leases in the Banyan Drive area that have not been sold or assigned within the last five years" may cause the measure to be considered special legislation and unconstitutional. We recommend that subsection (h) and the references to Banyan Drive be taken out of the bill.

We urge you favorable consideration of this measure.



**SB 1530, SD 1**  
**RELATING TO PUBLIC LANDS**  
House Committee on Water, Land and Ocean Resources  
House Committee on Tourism

March 21, 2011

9:00 a.m.

Room 325

The Office of Hawaiian Affairs offers the following comments on SB 1530, SD1, which authorizes the Board of Land and Natural Resources (BLNR) to extend hotel and resort leases up to 55 years upon approval of a development agreement.

The bulk of the public land managed by BLNR, including the land used for hotel and resort purposes, is comprised of former government and crown lands that were ceded by the Republic of Hawai'i to the United States in 1898, "without the consent of or compensation to the Native Hawaiian people of Hawaii or their sovereign government[.]" P.L. 103-150 (1993). Much of the land is also subject to the public land trust created by the Admission Act section 5(f).

Long-term leases that exceed the length of a generation are short-sighted and improvident. Encumbering public land with 55 year leases ties the hands of communities and future generations of land and resource managers and unduly restricts their ability to make sound decisions. Moreover, long-term leases often lead to a sense of entitlement on the part of the lessee that can and has resulted in alienation of leased land in Hawai'i.

Mahalo for the opportunity to testify on this measure.