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# A BILL FOR AN ACT

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RELATING TO THE ACQUISITION OF SCENIC LANDS AT KAPUA IN MILOLI'I  
ON THE ISLAND OF HAWAII.

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

1           SECTION 1. The legislature finds that the lands of Kapua,  
2 commonly known as Miloli'i, on the island of Hawaii are a scenic  
3 wonder with breathtaking shoreline views that are slated for  
4 resort development by its owner, The Resort Group, which has so  
5 far 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.

16           The legislature further finds that the State should seek to  
17 acquire Kapua in the interests of preserving the area's



1 diminishing pristine condition for future generations while  
2 ensuring the preservation of agriculture and the prudent  
3 economic development of the area.

4 The purpose of this Act is to require the department of  
5 land and natural resources to engage in negotiations to acquire  
6 the subject lands of Kapua, commonly known as Miloli'i, with  
7 excess revenues derived from the transient accommodations tax.

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

10 "(b) Revenues collected under this chapter shall be  
11 distributed as follows, with the excess revenues to be deposited  
12 into the general fund:

13 (1) \$26,500,000 shall be allocated to the convention  
14 center enterprise special fund established under  
15 section 201B-8;

16 (2) \$82,000,000 shall be allocated to the tourism special  
17 fund established under section 201B-11; provided that:

18 (A) Beginning on July 1, 2012, and ending on June 30,  
19 2015, \$2,000,000 shall be expended from the  
20 tourism special fund for development and  
21 implementation of initiatives to take advantage



1 of expanded visa programs and increased travel  
2 opportunities for international visitors to  
3 Hawaii;

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

5 (i) \$1,000,000 shall be allocated for the  
6 operation of a Hawaiian center and the  
7 museum of Hawaiian music and dance at the  
8 Hawaii convention center; and

9 (ii) 0.5 per cent of the \$82,000,000 shall be  
10 transferred to a sub-account in the tourism  
11 special fund to provide funding for a safety  
12 and security budget, in accordance with the  
13 Hawaii tourism strategic plan 2005-2015; and

14 (C) Of the revenues remaining in the tourism special  
15 fund after revenues have been deposited as  
16 provided in this paragraph and except for any sum  
17 authorized by the legislature for expenditure  
18 from revenues subject to this paragraph,  
19 beginning July 1, 2007, funds shall be deposited  
20 into the tourism emergency trust fund,  
21 established in section 201B-10, in a manner



1           sufficient to maintain a fund balance of  
2           \$5,000,000 in the tourism emergency trust fund;  
3       (3) \$103,000,000 for fiscal year 2014-2015, \$103,000,000  
4           for fiscal year 2015-2016, and \$93,000,000 for each  
5           fiscal year thereafter shall be allocated as follows:  
6           Kauai county shall receive 14.5 per cent, Hawaii  
7           county shall receive 18.6 per cent, city and county of  
8           Honolulu shall receive 44.1 per cent, and Maui county  
9           shall receive 22.8 per cent; provided that commencing  
10          with fiscal year 2018-2019, a sum that represents the  
11          difference between a county public employer's annual  
12          required contribution for the separate trust fund  
13          established under section 87A-42 and the amount of the  
14          county public employer's contributions into that trust  
15          fund shall be retained by the state director of  
16          finance and deposited to the credit of the county  
17          public employer's annual required contribution into  
18          that trust fund in each fiscal year, as provided in  
19          section 87A-42, if the respective county fails to  
20          remit the total amount of the county's required annual  
21          contributions, as required under section 87A-43;



(4) \$3,000,000 shall be allocated to the Turtle Bay conservation easement special fund established under section 201B-8.6 for the payment of debt service on revenue bonds, the proceeds of which were used to acquire the conservation easement in Turtle Bay, Oahu, until the bonds are fully amortized; [and]

(5) \$ \_\_\_\_\_ shall be allocated to the purchase of the lands of Kapua, island of Hawaii; and

~~[-(5)-]~~ (6) Of the excess revenues deposited into the general fund pursuant to this subsection, \$3,000,000 shall be allocated subject to the mutual agreement of the board of land and natural resources and the board of directors of the Hawaii tourism authority in accordance with the Hawaii tourism authority strategic plan for:

(A) The protection, preservation, and enhancement of natural resources important to the visitor industry;

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



1 (C) Operation and maintenance costs of public lands  
2 connected with enhancing the visitor experience.

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

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

10 SECTION 3. The department of land and natural resources,  
11 in consultation with The Trust for Public Lands, shall engage in  
12 negotiations to acquire land located at Kapua, island of Hawaii,  
13 identified as TMK , from The Resort Group.

14 SECTION 4. Any acquisition of land by the State as a  
15 result of negotiations under section 3 of this Act shall be  
16 funded in whole or in part from transient accommodations tax  
17 revenues as provided in the amendments under section 2 of this  
18 Act.

19 SECTION 5. There is appropriated out of the general  
20 revenues of the State of Hawaii the sum of \$ or so  
21 much thereof as may be necessary for fiscal year 2015-2016 and



1 the same sum or so much thereof as may be necessary for fiscal  
2 year 2016-2017 to acquire land located at Kapua, island of  
3 Hawaii, identified as TMK , from The Resort Group  
4 pursuant to this Act.

5 The sums appropriated shall be expended by the department  
6 of land and natural resources for the purposes of this Act.

7 SECTION 6. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9 SECTION 7. This Act shall take effect on July 1, 2015.

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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 Lands, to engage in negotiations to acquire 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. (SD1)

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