A BILL FOR AN ACT

RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT.

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

1	PART I
2	SECTION 1. The legislature finds that among the classes of
3	public lands managed by the department of land and natural
4	resources are commercial, industrial, hotel, and resort lands.
5	The legislature further finds that because of restrictions
6	imposed by various land management policies, there is little
7	incentive for lessees of various parcels to make improvements to
8	the leased parcels. This has resulted in dilapidation,
9	deterioration, and obsolescence of the properties, which reduces
10	the revenue-generating potential of the parcels.
11	The legislature also finds that:
12	(1) The Waiakea peninsula of the island of Hawaii contains
13	approximately eighty-five per cent of the overnight
14	visitor accommodations in east Hawaii county;
15	(2) The State owns a large part of the Waiakea peninsula
16	area;

S.B. NO. 5292 S.D. 2

1	(3)	There has been little incentive for the lessees of the
2		properties in the area to make major investments in
3		improvements to their infrastructure, resulting in the
4		deterioration of the area's infrastructure and
5		facilities; and
6	(4)	The State has a responsibility to ensure that the
7		Waiakea peninsula area does not deteriorate and have a
8		harmful impact on the economy of the community as a
9		whole.
10	The	public lands in the area present an opportunity for the
11	revitaliz	ation and redevelopment of a district where hotel and
12	resort, c	ommercial, and public uses may coexist compatibly
13	within th	e same area.
14	The	purpose of this part is to:
15	(1)	Identify areas of commercial, industrial, resort, and
16		hotel parcels in need of revitalization and to
17		establish guidelines for the redevelopment of those
18		parcels; and
19	(2)	Establish the Waiakea peninsula redevelopment

district.

1	SECT	ION 2. Chapter 171, Hawaii Revised Statutes, is
2	amended by	y adding two new parts to be appropriately designated
3	and to re	ad as follows:
4		"PART . PUBLIC LANDS REDEVELOPMENT
5	§171	-A Findings; purpose. (a) The legislature finds
6	that:	
7	(1)	Because of the policies guiding the management of
8		public lands with commercial, industrial, hotel, and
9		resort uses, there has been little incentive for the
10		lessees of those properties to make major investments
11		in improvements to their infrastructure, resulting in
12		the deterioration of infrastructure and facilities;
13	(2)	The lack of improvement to property in many of these
14		areas has resulted in dilapidation, deterioration,
15		age, or obsolescence of the buildings and structures
16		in those areas; and
17	(3)	The department has the responsibility of planning for
18		the disposition of commercial, industrial, hotel, and
19		resort classes of public lands to determine:
20		(A) Specific use or uses;
21		(B) Minimum size of parcels;

1		(C) Required building construction or improvements;
2		and
3		(D) Lease terms and requirements.
4	(b)	The purpose of this part is to authorize the
5	designation	on of areas or regions of public lands classified as
6	commercial	, industrial, hotel, and resort, and the establishment
7	and implem	mentation of guidelines for the redevelopment of the
8	areas or 1	regions that will:
9	(1)	Define the policies for the management of public lands
10		in the designated area;
11	(2)	Establish a plan for the designated area, including
12		district-wide improvements, that is coordinated with
13		state and county land use and planning policies; and
14	(3)	Implement asset and property management concepts that
15		can optimize income from the properties and evolve in
16		response to changing principles of property
17		administration.
18	(c)	The legislature finds that the rejuvenation of areas
19	of public	lands that have become dilapidated, obsolete, or have
20	deteriorat	ted over time is in the public interest and constitutes

a valid public purpose.

- 1 §171-B Definitions. As used in this part:
- 2 "Planning committee" or "committee" means the policymaking
- 3 committee established for a redevelopment district pursuant to
- **4** section 171-D.
- 5 "Public facilities" include streets and highways, storm
- 6 drainage systems, water systems, street lighting systems, off-
- 7 street parking facilities, and sanitary sewerage systems.
- 8 "Redevelopment district" or "designated district" means an
- 9 area of public lands designated for redevelopment pursuant to
- 10 section 171-C.
- 11 §171-C Designation of redevelopment district; boundaries.
- 12 (a) The legislature shall designate redevelopment districts by
- 13 statute for any area of public lands designated as an industrial
- 14 park pursuant to section 171-132 or classified as commercial,
- 15 industrial, hotel, or resort use pursuant to section 171-10 if
- 16 the legislature determines that there is a need for planning,
- 17 development, or redevelopment because the buildings and infra-
- 18 structures in the area are dilapidated or have deteriorated due
- 19 to age or obsolescence.
- 20 (b) The designation shall describe the boundaries of the
- 21 redevelopment district.

1	§171	 -D Planning committee; district administrator; repeal.
2	(a) Upon	the designation of a redevelopment district pursuant
3	to section	n 171-C, a planning committee for the designated
4	district	shall be established and placed in the department for
5	administr	ative purposes.
6	(b)	The committee shall be a policy-making committee for
7	the desig	nated district and shall consist of nine members. The
8	members s	hall consist of:
9	(1)	The chairperson of the board of land and natural
10		resources and the director of planning of the county
11		in which the designated district is located, or their
12		designated representatives, who shall be ex-officio,
13		voting members of the committee; and
14	(2)	Seven public, voting members appointed by the governor
15		pursuant to section 26-34; provided that of the
16		members appointed pursuant to this paragraph:
17		(A) Three members shall be selected from a list of
18		six names submitted by the president of the
19		senate and speaker of the house of

representatives in collaboration with the

1	legislators from the county in which the
2	designated district is located; and
3	(B) Seven members shall be selected on the basis of
4	their knowledge, experience, and expertise in:
5	(i) Management of small or large businesses;
6	(ii) Economics, banking, investment, or finance;
7	(iii) Real estate development;
8	(iv) Real estate management;
9	(v) Marketing; or
10	(vi) Hotel and resort management;
11	provided that of the seven members, four members
12	shall be residents of the county in which the
13	designated district is located and three members
14	shall be residents of the State.
15	(c) The committee shall elect its chairperson from among
16	its public, voting members.
17	(d) The members of the committee shall serve without
18	compensation but shall be reimbursed for reasonable expenses,
19	including travel expenses, incurred in the performance of their
20	duties.

S.B. NO. 5292 S.D. 2

1	(e) The committee shall appoint a district administrator,
2	who shall be the chief executive officer for the designated
3	district. The district administrator shall have experience and
4	expertise in engineering, planning, architecture, real estate,
5	or law. The committee shall set the district administrator's
6	duties, responsibilities, holidays, vacations, leaves, hours of
7	work, and working conditions. The committee shall set the
8	salary of the district administrator, who shall serve at the
9	pleasure of the committee and shall be exempt from chapter 76.
10	(f) The committee shall be dissolved on June 30 of the
11	tenth year following the effective date of the Act establishing
12	the designated district.
13	§171-E Planning committee; powers and duties; generally.
14	The committee shall have the powers and duties related to its
15	functions in the designated district that are delegated to the
16	committee by the board. In addition, the committee may:
17	(1) Through its district administrator, appoint staff and
18	employees, prescribe their duties and qualifications,
19	and fix their salaries, without regard to chapter 76
20	(2) Through its district administrator, allocate space or
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spaces that are to be occupied by the committee and

1		appropriate staff, and purchase necessary supplies,
2		equipment, or furniture;
3	(3)	Prepare a redevelopment plan for the designated
4		district;
5	(4)	Notwithstanding any other law to the contrary, renew
6		or renegotiate any lease in connection with any
7		project contained in the redevelopment plan for the
8		designated district, on terms and conditions as the
9		committee deems advisable;
10	(5)	Prepare or cause to be prepared plans, design
11		criteria, landscaping, and estimates of costs for the
12		construction, rehabilitation, or repair of any project
13		contained in the redevelopment plan for the designated
14		district, and from time to time to modify the plans or
15		estimates;
16	(6)	Conduct studies in conjunction with county and state
17		agencies necessary to determine the appropriate
18		activities for redevelopment in the designated
19		district;
20	(7)	Reduce or waive the lease rental on any lease of

public land for any project in the designated district

S.B. NO. 5.D. 2 H.D. 1

1		that	requires substantial improvements; provided that
2		the 1	reduction or waiver shall not exceed one year in
3		durat	cion;
4	(8)	Make	and execute all contracts and instruments that
5		are i	necessary for the exercise of the committee's
6		power	rs and functions relating to the designated
7		dist	rict, including the engaging of the services of
8		cons	ultants for the rendering of professional and
9		techi	nical assistance and advice;
10	(9)	Ente	r into a redevelopment agreement with a developer
11		or de	evelopers for any project contained in the
12		rede	velopment plan; provided that the redevelopment
13		agre	ement shall contain:
14		(A)	The location, area, and size of the parcel to be
15			redeveloped;
16		(B)	The use or uses to which the parcel shall be put
17			in conformance with the redevelopment plan, and
18			with applicable state and county laws and
19			ordinances;
20		(C)	The period of time for the construction and
21			completion of the redevelopment; and

S.B. NO. 5.D. 2

1		(D) Other terms and conditions that the committee
2		deems necessary;
3	(10)	Work closely and communicate with the county
4		government to coordinate the execution of the
5		designated district's planning, incremental projects
6		work schedules, public works, and budget; and
7	(11)	Do any and all things necessary to carry out the
8		committee's purposes and exercise the powers
9		established pursuant to this part.
10	§171	-F District redevelopment plan. (a) The committee
11	shall pre	pare a redevelopment plan for the designated district
12	including	district development policies, the district
13	improveme	nt program, necessary public facilities, and the
14	developme	nt guidelines and rules for the designated district.
15	In carryi	ng out its planning activities, the committee shall
16	comply wi	th applicable state and county statutes, ordinances,
17	and rules	
18	(b)	The committee shall prepare a redevelopment plan for
19	the desig	nated district that:
20	(1)	Establishes, if applicable, areas principally for:
21		(A) Commercial activities;

SB1292 HD1 HMS 2017-2994

S.B. NO. 5292 S.D. 2

1		(B)	Processing, construction, manufacturing,
2			transportation, wholesaling, storage and similar
3			industrial activities;
4		(C)	Resort and hotel activities, including uses that
5			provide facilities and services for visitors; or
6		(D)	Public facilities and recreational facilities;
7			with detailed standards for height, bulk, size,
8			and location of buildings;
9	(2)	Incl	udes a district-wide improvement program for
10		nece	ssary district-wide public facilities within the
11		desi	gnated district;
12	(3)	Incl	udes plans, specifications, and estimates of the
13		cost	s for the development, construction,
14		reco	nstruction, or improvement of any project in the
15		desi	gnated district; provided that the committee may
16		from	time to time modify the plans, specifications, or
17		esti	mates;
18	(4)	If p	ossible, identifies specific uses for areas in the
19		desi	gnated district and the required parceling of land
20		into	minimum size areas related to the specific uses;

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S.B. NO. 5.D. 2

1	(5)	Determines the lease rental that should be established
2		for the specific uses and the terms and conditions of
3		the leases; and

- (6) Establishes interim development controls to be implemented during the transition to the execution of the provisions of the redevelopment plan, such as recommending the holdover of a lessee pursuant to section 171-40 or issuance of permits pursuant to section 171-55 to existing lessees upon the expiration of their lease terms.
- 11 The district redevelopment plan may provide for the **12** withdrawal or taking for public purposes of the public land or 13 portion of the public land under a lease. The rental shall be 14 reduced in proportion to the value of the portion of the premises condemned, and the lessee shall be entitled to receive 15 **16** the proportionate value of the permanent improvements legally **17** made to or constructed upon the land by the lessee taken in the 18 proportion that it bears to the unexpired term of the lease.
- (d) The committee shall hold a public hearing on aproposed redevelopment plan for the designated district, and

S.B. NO. S.D. 2 H.D. 1

- 1 shall consider the comments received and incorporate any
- 2 revisions to the plan that may be necessary.
- 3 (e) Two years after the date it is established, the
- 4 committee shall submit a report to the board with the
- 5 redevelopment plan recommended by the committee along with
- 6 recommendations for appropriations by the legislature, the
- 7 authorization of bonds, or both, to implement the redevelopment
- 8 plan in a timely manner. The board shall submit the report to
- 9 the governor and the legislature, not later than twenty days
- 10 prior to the convening of the 2020 regular session, with a
- 11 request for the required appropriations, bond authorization, or
- 12 both.
- (f) The designated district redevelopment plan shall
- 14 supersede all other inconsistent ordinances and rules relating
- 15 to the use, planning, development, and construction on public
- 16 land in the designated district.
- 17 §171-G Designated redevelopment district revolving fund.
- 18 (a) A separate revolving fund shall be established for each
- 19 redevelopment district designated pursuant to section 171-C,
- 20 into which shall be deposited:

S.B. NO. 5.D. 2 H.D. 1

1	(1)	Fifty per cent of the revenues, income, and receipts
2		of the department from the public lands in the
3		designated district, notwithstanding section 171-19;
4	(2)	Moneys appropriated by the legislature to the
5		revolving fund; and
6	(3)	Any gifts, grants, and other funds accepted by the
7		department.
8	Each revo	lving fund shall bear the name used by the legislature
9	in design	ating the redevelopment district.
10	(b)	Moneys in the designated redevelopment district
11	revolving	fund shall be used in the designated district for the
12	purposes	of this part; provided that no expenditure shall be
13	made from	the fund and no obligation shall be incurred against
14	the fund	in excess of the amount standing to the credit of the
15	fund.	
16	PA	RT . WAIAKEA PENINSULA REDEVELOPMENT DISTRICT
17	§171	H Waiakea peninsula redevelopment district
18	establish	ed; boundaries. The legislature designates the public
19	lands on	the Waiakea peninsula on the island of Hawaii as the
20	Waiakea p	eninsula redevelopment district. The Waiakea peninsula

redevelopment district shall include the area bounded by the

- 1 shoreline from the intersection of Lihiwai street and Kamehameha
- 2 avenue; Kamehameha avenue to its intersection with Kalanianaole
- 3 avenue; Kalanianaole avenue to its intersection with Banyan way;
- 4 Banyan way from its intersection with Kalanianaole avenue to its
- 5 intersection with Banyan drive; from the intersection of Banyan
- 6 way and Banyan drive to the shoreline; the shoreline around the
- 7 Waiakea peninsula, including Mokuola island, to the intersection
- 8 of Lihiwai street and Kamehameha avenue.
- 9 §171-I Waiakea peninsula redevelopment district planning
- 10 committee; established. There is established a Waiakea
- 11 peninsula redevelopment district planning committee. The
- 12 committee shall be appointed as provided in section 171-D and
- 13 shall exercise the powers and duties in the designated district
- 14 as authorized by part
- 15 §171-J Waiakea peninsula redevelopment district revolving
- 16 fund; established. There is established the Waiakea peninsula
- 17 redevelopment district revolving fund, into which shall be
- 18 deposited:
- 19 (1) Fifty per cent of the revenues, income, and receipts
- from the public lands in the Waiakea peninsula
- 21 redevelopment district;

1	(2)	Moneys appropriated by the legislature to the
2		revolving fund; and
3	(3)	Any gifts, grants, and other funds accepted by the
4		Waiakea peninsula redevelopment district planning
5		committee.
6	The r	moneys in the revolving fund shall be used in the
7	Waiakea pe	eninsula redevelopment district for the purposes
8	described	in this part."
9		PART II
10	SECT:	ION 3. The purpose of this part is to serve the public
11	use and p	ublic purpose of state lands used for commercial
12	purposes l	by authorizing the board of land and natural resources
13	to author:	ize the extension of commercial, hotel, resort, and
14	industria	l leases for the lessees' substantial improvement to
15	the lease	d premises.
16	SECT	ION 4. Chapter 171, Hawaii Revised Statutes, is
17	amended by	y adding a new section to be appropriately designated
18	and to rea	ad as follows:
19	" <u>§17</u>	1- Commercial, hotel, resort, or industrial leases;
20	extension	of term. (a) Notwithstanding section 171-36, the
21	board may	extend the lease term of public lands for commercial,

1	hotel, res	sort, or industrial use upon the approval by the board
2	of a deve	lopment agreement proposed by the lessee or lessee and
3	developer	to make substantial improvements to the demised
4	premises.	
5	(b)	Prior to entering into a development agreement, the
6	lessee or	lessee and developer shall submit to the board the
7	plans and	specifications for the total development being
8	proposed.	The board shall review the plans and specifications
9	and deter	mine:
10	(1)	Whether the development proposed in the development
11		agreement is of sufficient worth and value to justify
12		the extension of the lease;
13	(2)	The estimated period of time to complete the
14		improvements and expected date of completion of the
15		improvements; and
16	(3)	The minimum revised annual rent based on the fair
17		market value of the lands to be developed, as
18		determined by an appraiser for the board, and
19		percentage rent where gross receipts exceed a
20		specified amount.

- 1 No lease extension shall be approved until the board and the
- 2 lessee or lessee and developer mutually agree to the terms and
- 3 conditions of the development agreement.
- 4 (c) No construction shall commence until the lessee or
- 5 lessee and developer have filed with the board a sufficient bond
- 6 conditioned upon the full and faithful performance of all the
- 7 terms and conditions of the development agreement.
- **8** (d) Any extension of a lease pursuant to this section
- 9 shall be based upon the substantial improvements to be made and
- 10 shall be for a period no longer than fifty-five years.
- 11 (e) Similar to the issuance of a new lease, any extension
- 12 of a lease granted pursuant to this section shall be
- 13 effectuated, documented, and executed using the most current
- 14 lease form and leasing practices and policies of the board.
- 15 (f) The applicant for a lease extension shall pay all
- 16 costs and expenses incurred by the department in connection with
- 17 processing, analyzing, and negotiating any lease extension
- 18 request and document, and the development agreement in
- 19 subsections (a) and (b).
- 20 (g) As used in this section "substantial improvements"
- 21 means any renovation, rehabilitation, reconstruction, or

- 1 construction of the demised premises, including minimum
- 2 requirements for off-site and on-site improvements, the cost of
- 3 which equals or exceeds fifty per cent of the market value of
- 4 the demised premises, that the lessee or lessee and developer
- 5 shall install, construct, and complete by the date of completion
- 6 of the total development."
- 7 SECTION 5. Section 171-1, Hawaii Revised Statutes, is
- 8 amended by amending the definition of "public purpose" to read
- 9 as follows:
- 10 ""Public purpose", as used in this chapter, unless the
- 11 context clearly indicates otherwise, includes but shall not be
- 12 limited to all public uses, the straightening of boundaries of
- 13 public lands, acquisition of access to landlocked public lands,
- 14 the consolidation of the holdings of public lands, development
- 15 of houselots, farmlots, and industrial parks[-], and the
- 16 redevelopment of public lands pursuant to part ."
- 17 SECTION 6. Section 171-35, Hawaii Revised Statutes, is
- 18 amended to read as follows:
- 19 "§171-35 Lease provisions; generally. Every lease issued
- 20 by the board of land and natural resources shall contain:

1	(1)	The specific use of uses to which the fand is to be
2		employed;
3	(2)	The exact commencement and termination dates for the
4		lease, and the term and type of notice required to
5		exercise any renewal option, if applicable;
6	[(2)]	(3) The improvements required; provided that a
7		minimum reasonable time be allowed for the completion
8		of the improvements;
9	[(3)]	(4) Restrictions against alienation as set forth in
10		section 171-36;
11	[(4)]	(5) The rent, as established by the board or at
12		public auction, which shall be payable not more than
13		one year in advance, in monthly, quarterly,
14		semiannual, or annual payments;
15	[(5)]	(6) Where applicable, adequate protection of forests,
16		watershed areas, game management areas, wildlife
17		sanctuaries, and public hunting areas, reservation of
18	•	rights-of-way and access to other public lands, public
19		hunting areas, game management areas, or public
20		beaches, and prevention of nuisance and waste; and

1	[(6)] <u>(7)</u> [Such] <u>Any</u> other terms and conditions as the
2	board deems advisable to more nearly effectuate the
3	purposes of the state constitution and of this
4	chapter."
5	SECTION 7. Section 171-36, Hawaii Revised Statutes, is
6	amended as follows:
7	1. By amending subsections (a) and (b) to read:
8	"(a) Except as otherwise provided, the following
9	restrictions shall apply to all leases:
10	[(1) Options for renewal of terms are prohibited;
11	$\frac{(2)}{(1)}$ No lease shall be for a longer term than sixty-
12	five years, except in the case of a residential
13	leasehold which may provide for an initial term of
14	fifty-five years with the privilege of extension to
15	meet the requirements of the Federal Housing
16	Administration, Federal National Mortgage Association,
17	Federal Land Bank of Berkeley, Federal Intermediate
18	Credit Bank of Berkeley, Berkeley Bank for
19	Cooperatives, or Veterans Administration requirements;
20	[provided that the aggregate of the initial term and
21	extension shall in no event exceed seventy five years;

1	(3)	No lease shall be made for any land under a lease
2		which has more than two years to run;
3	(4)]	(2) No lease shall be made to any person who is in
4		arrears in the payment of taxes, rents, or other
5		obligations owing the State or any county;
6	[(5)]	(3) No lease shall be transferable or assignable,
7		except by devise, bequest, or intestate succession;
8		provided that with the approval of the board of land
9		and natural resources, the assignment and transfer of
10		a lease or unit thereof may be made in accordance with
11		current industry standards, as determined by the
12		board; provided further that prior to the approval of
13		any assignment of lease, the board [shall have the
14		right to] may review and approve the consideration to
15		be paid by the assignee and may condition its consent
16		to the assignment of the lease on payment by the
17		lessee of a premium based on the amount by which the
18		consideration for the assignment, whether by cash,
19		credit, or otherwise, exceeds the depreciated cost of

improvements and trade fixtures being transferred to

the assignee; provided further that with respect to

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Ţ		state agricultural leases, [in the event of] <u>if a</u>
2		foreclosure or sale[$_{7}$] occurs, the premium, if any,
3		shall be assessed only after the encumbrances of
4		record and any other advances made by the holder of a
5		security interest are paid;
6	[(6)]	(4) The lessee shall not sublet the whole or any part
7		of the demised premises except with the approval of
8	,	the board; provided that prior to the approval, the
9		board [shall have the right to] may review and approve
10		the rent to be charged to the sublessee; provided
11		further that in the case where the lessee is required
12		to pay rent based on a percentage of its gross
13		receipts, the receipts of the sublessee shall be
14		included as part of the lessee's gross receipts;
15		provided further that the board [shall have the right
16		to] may review and, if necessary, revise the rent of
17		the demised premises based upon the rental rate
18		charged to the sublessee including the percentage
19		rent, if applicable, and provided that the rent may
20		not be revised downward;

[(7)]	(5) The lease shall be for a specific use or uses and
	shall not include waste lands, unless it is
	impractical to provide otherwise;
[(8)]	(6) Mineral and metallic rights and surface and
	ground water shall be reserved to the State; and
[-(9) -]	(7) No lease of public lands, including submerged
	lands, nor any extension of any [such] lease, shall be
	issued by the State to any person to construct, use,
	or maintain a sunbathing or swimming pier or to use
	the lands for [such] these purposes, unless [such] the
	lease, or any extension thereof, contains provisions
~	permitting the general public to use the pier
	facilities on the public lands and requiring that a
	sign or signs be placed on the pier, clearly visible
	to the public, which indicates the public's right to
	the use of the pier. The board, at the earliest
	practicable date, and where legally possible, shall
	cause all existing leases to be amended to conform to
	this paragraph. The term "lease", for the purposes of
	this paragraph, includes month-to-month rental
	agreements and similar tenancies.
	[(8)]

1	(b) The board, from time to time, upon the issuance or
2	during the term of any intensive agricultural, aquaculture,
3	commercial, mariculture, special livestock, pasture, hotel,
4	resort, or industrial lease, or lease with a school or
5	government entity pursuant to section 171-95 or eleemosynary
6	organization pursuant to section 171-43.1 may[+
7	(1) Modify modify or eliminate any of the restrictions
8	specified in subsection (a);
9	[(2) Extend] extend or modify the fixed rental period of
10	the lease[; provided that the aggregate of the initial
11	term and any extension granted shall not exceed sixty
12	five years; upon approval by the board of a
13	development agreement proposed by the lessee to make
14	substantial improvements to the existing improvements
15	or to construct new improvements; or
16	[(3) Extend] extend the term of the lease, to the extent
17	necessary to qualify the lease for mortgage lending or guaranty
18	purposes with any federal mortgage lending agency, to qualify
19	the lessee for any state or private lending institution loan,
20	private loan guaranteed by the State, or any loan in which the
21	State and any private lender participates, or to amortize the

- 1 cost of substantial improvements to the demised premises that
- 2 are paid for by the lessee without institutional financing,
- 3 [such] the extension being based on the economic life of the
- 4 improvements as determined by the board or an independent
- 5 appraiser; provided that the approval of any extension shall be
- 6 subject to the following:
- 7 (1) The demised premises have been used substantially for
- 8 the purpose for which they were originally leased;
- 9 [(2) The aggregate of the initial term and any extension
- 10 granted shall not be for more than sixty-five years;
- 11 $\frac{(3)}{(3)}$ (2) [In the event of] If a reopening[7] occurs, the
- 12 rental for any ensuing period shall be the fair market
- rental at the time of reopening;
- 14 $\left[\frac{4}{4}\right]$ (3) Any federal or private lending institution shall
- be qualified to do business in the State;
- 16 $\left[\frac{(5)}{(5)}\right]$ (4) Proceeds of any mortgage or loan shall be used
- 17 solely for the operations or improvements on the
- 19 $\left[\frac{(6)}{(5)}\right]$ (5) Where improvements are financed by the lessee,
- the lessee shall submit receipts of expenditures

1	within a time period specified by the board, otherwise
2	the lease extension shall be canceled; and
3	$\left[\frac{(7)}{(6)}\right]$ The rules of the board, setting forth any
4	additional terms and conditions, which shall ensure
5	and promote the purposes of the demised lands."
6	2. By amending subsections (d) and (e) to read:
7	"(d) The board, from time to time, during the term of any
8	agriculture, intensive agriculture, aquaculture, commercial,
9	mariculture, special livestock, pasture, hotel, resort, or
10	industrial lease, or lease with a school or government entity
11	pursuant to section 171-95 or eleemosynary organization pursuant
12	to section 171-43.1 may modify or eliminate any of the
13	[+]restrictions[+] specified in subsection (a), extend or modify
14	the fixed rental period of the lease, or extend the term of the
15	lease upon a showing of significant economic hardship directly
16	caused by:
17	(1) State disaster, pursuant to chapter 209, including
18	seismic or tidal wave, tsunami, hurricane, volcanic
19	eruption, typhoon, earthquake, flood, or severe
20	drought; or

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S.B. NO. 5.D. 2 H.D. 1

1	(2)	A taking of a portion of the area of the lease by
2		government action by eminent domain, withdrawal, or
3		conservation easement; provided that the portion taken
4		shall not be less than ten per cent of the entire
5		leased area unless otherwise approved by the board;
6		and provided that the board determines that the lessee
7		will not be adequately compensated pursuant to the
8		lease provisions.
9	(e)	The approval of any extension granted pursuant to
10	subsection	n (d) shall be subject to the following:
11	(1)	The demised premises has been used substantially for
12		the purposes for which they were originally leased;
13	[-(2)	The aggregate of the initial term and any extension
14		granted shall not be for more than fifty-five years;
15	(3)]	(2) The rental shall not be less than the rental for

17 [\(\frac{(4)}{1}\)] (3) The rules of the board, setting forth any
18 additional terms and conditions which shall ensure and
19 promote the purposes of the demised lands; and

the preceding term;

1	$\left[\frac{(5)}{(4)}\right]$ The length of the extension shall not exceed a
2	reasonable length of time for the purpose of providing
3	relief [and shall in no case exceed five years]."
4	PART III
5	SECTION 8. There is appropriated out of the general
6	revenues of the State of Hawaii the sum of \$ or so much
7	thereof as may be necessary for fiscal year 2017-2018 and the
8	same sum or so much thereof as may be necessary for fiscal year
9	2018-2019 to carry out the purposes of part I of this Act.
10	The sums appropriated shall be expended by the department
11	of land and natural resources for the purposes of this Act.
12	PART IV
13	SECTION 9. If any provision of this Act, or the
14	application thereof to any person or circumstance, is held
15	invalid, the invalidity does not affect other provisions or
16	applications of the Act that can be given effect without the
17	invalid provision or application, and to this end the provisions
18	of this Act are severable.
19	SECTION 10. In codifying part I of this Act, the revisor
20	of statutes shall substitute appropriate section numbers for the
21	letters used in designating the new sections in part I this Act.

- 1 SECTION 11. Statutory material to be repealed is bracketed
- 2 and stricken. New statutory material is underscored.
- 3 SECTION 12. This Act shall take effect on July 1, 2117.

Report Title:

Redevelopment Districts; Waiakea Peninsula Redevelopment District, Establishment; Appropriation

Description:

Provides for the redevelopment of the Hilo area by establishing the framework, requirements, and conditions for redevelopment districts and specifically designating the Waiakea Peninsula Redevelopment District, appropriates funds for the implementation of the redevelopment district program, and makes conforming amendments to lease restrictions on public lands to facilitate the implementation of redevelopment districts. (SB1292 HD1)

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