HOUSE OF REPRESENTATIVES THIRTIETH LEGISLATURE, 2019 STATE OF HAWAII H.B. NO. 918

A BILL FOR AN ACT

RELATING TO PUBLIC SCHOOL LANDS.

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

1 SECTION 1. Act 155, Session Laws of Hawaii 2013, was 2 approved by the governor on June 21, 2013. The purpose of Act 3 155 was to optimize the use of public-school lands to generate 4 opportunities to improve public-school facilities and 5 infrastructure to meet the challenges of the twenty-first 6 century and to improve the overall quality of education in 7 Specifically, Act 155 established a pilot program to Hawaii. 8 generate revenue from uses for public purposes, such as 9 workforce housing, to build and retrofit twenty-first century 10 schools and create more school-centered communities. The pilot 11 program lays important groundwork for a statewide approach and 12 plan to optimize public-school lands and modernize public-school 13 facilities.

In subsequent discussions with government agencies and private developers, the existing fifty-five-year lease term allowed for in Act 155 was found to be problematic in financing redevelopment projects. Furthermore, the department of



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education has been working closely with the Hawaii housing finance and development corporation in the implementation of 2 3 redevelopment projects on land controlled by the department of The Hawaii housing finance and development 4 education. corporation is pursuing ninety-nine-year leasehold condominiums 5 6 for some of its housing projects on state-owned lands. 7 Extending lease terms will allow prospective developers greater 8 flexibility to secure financing as well as provide a better long-term return to the State for the use of its lands. 9 10 SECTION 2. Section 302A-1151.1, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows: 11 12 "(b) Notwithstanding sections 171-13 and 302A-1151, or any 13 other law to the contrary, the department may lease public 14 school land on terms it deems appropriate, including a leaseback 15 of all or a portion of the improvements constructed; provided 16 that: 17 The board may identify and select up to five public (1)school land sites as candidates for participation in 18 19 the pilot program; provided that: During the identification and selection process, 20 (A) 21 the board shall be subject to chapter 92, shall



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1		hold at least one public meeting in each affected
2		community, and shall foster school and community
3		participation; and
4		(B) If the site is on land owned by the county, the
5		department shall consult with the county;
6	(2)	The department may lease public school land for no
7		more than three public school land sites identified
8		and selected by the board pursuant to paragraph (1)
9		under leases for a term of not more than [fifty-five]
10		<u>ninety-nine</u> years per lease[, unless extended pursuant
11		to section 171-36, to lessees who shall be required
12		to modify, construct, or utilize facilities to benefit
13		public educational purposes, in accordance with
14		specific request for proposal or request for
15		information guidelines;
16	(3)	Each lease shall stipulate that the lessee may retain
17		any revenue generated from the facilities; provided
18		that:
19		(A) The lessee shall be obligated to maintain and
20		operate the facilities to benefit public
21		educational purposes for the length of the lease;



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1		(B)	The lessee shall be obligated to pay to the	
2			county all applicable property tax on the value	
3			of any improvements;	
4		(C)	A leasehold premium may be charged to the lessee	
5			for the right to use the public school land based	
6			on a competitive process that complies with	
7			applicable sections of chapter 103D;	
8		(D)	Upon the expiration of the lease, the facilities	
9			shall revert to the department; and	
10		(E)	All revenues and proceeds derived by the State	
11			under this section shall be deposited in the	
12			school facilities subaccount pursuant to section	
13			302A-1151.2; and	
14	(4)	Notwithstanding any law to the contrary, the		
15		department may enter into leaseback agreements that		
16		allow the department to lease or sublease the property		
17		to a third party. The department may lease back the		
18		property from the third-party lessee or sublessee for		
19		a contractual period of time, after which the		
20		depa	rtment shall own any improvements."	

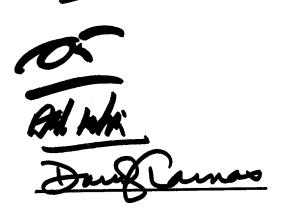


SECTION 3. Statutory material to be repealed is bracketed
and stricken. New statutory material is underscored.

3 SECTION 4. This Act shall take effect on July 1, 2019.

INTRODUCED BY:

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Report Title: Public School Lands; Ninety-nine-year Leases

Description:

Extends the lease term for public-school lands from 55 to 99 years.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

