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# A BILL FOR AN ACT

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RELATING TO PUBLIC LANDS.

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

1       SECTION 1. The department of land and natural resources  
2 shall review the final report of the house of representatives'  
3 investigative committee established under House Resolution No.  
4 164, Regular Session of 2021, for the purpose of:

5       (1) Conducting a policy analysis considering the State's  
6 land lease policy. This report shall include expert  
7 analysis from the University of Hawaii, including the  
8 Ka Huli Ao center for excellence in Native Hawaiian  
9 law, and a national organization of state legislatures  
10 and a comparison of best practices in comparable  
11 states. The policy analysis shall include analysis  
12 of:

13       (A) The conditions under which lease extensions are  
14 in the best interest of the State, including  
15 monetary and non-monetary costs and benefits  
16 associated with extending a lease and with a



- 1 lease reverting back to the State for lease re-  
2 opening;
- 3 (B) An analysis of the costs and revenue estimates  
4 for the State to offer space leases rather than  
5 ground leases; and
- 6 (C) An analysis of potential statutory or procedural  
7 improvements that would allow the department of  
8 land and natural resources to derive just  
9 compensation, such as fines or fees, from lessees  
10 when lessees fail to maintain the parcel or fail  
11 to complete the improvements that were promised  
12 as a condition of the extension,  
13 including any proposed legislation; and
- 14 (2) Developing proposed legislation to:
- 15 (A) Regularize and make consistent the various lease  
16 extension statutory provisions in chapter 171,  
17 Hawaii Revised Statutes. The proposed  
18 legislation shall specifically:
- 19 (i) Allow all types of leases to be extended but  
20 require that all lease extensions,  
21 regardless of whether those leases were



1           obtained through direct negotiation or the  
2           public auction process, use the most current  
3           lease form and leasing practices and  
4           policies, including provisions to allow the  
5           State to be paid its fair share of sublease  
6           income;

7           (ii) Allow the State to charge rent premiums on  
8           extended leases to compensate the State for  
9           forgoing the reversionary interest and  
10          incorporate the value of the improvements on  
11          the property; and

12          (iii) Require a lessee to pay for the appraisal  
13          required for the reopening of rent in the  
14          extended lease term and be precluded from  
15          protesting the rent so determined;

16          (B) Explore the potential for using a request for  
17          interest process as a prior condition of all  
18          lease dispositions (e.g., auctions, extensions,  
19          or direct negotiations); and

20          (C) Allow the department of land and natural  
21          resources to negotiate direct leases for five to



1           ten years with a basic appraisal process for  
2           those properties where there is no interest in  
3           the public auction as determined by responses to  
4           a request for interest solicitation or by holding  
5           a public auction.

6           SECTION 2. There is appropriated out of the general  
7 revenues of the State of Hawaii the sum of \$           or so  
8 much thereof as may be necessary for fiscal year 2022-2023 for  
9 the department of land and natural resources to conduct the  
10 policy analysis required in section 1 of this Act and implement  
11 the recommendations made in the final report of the house of  
12 representatives' investigative committee established under House  
13 Resolution No. 164, Regular Session of 2021.

14           The sum appropriated shall be expended by the department of  
15 land and natural resources for the purposes of this Act.

16           SECTION 3. If any provision of this Act, or the  
17 application thereof to any person or circumstance, is held  
18 invalid, the invalidity does not affect other provisions or  
19 applications of the Act that can be given effect without the  
20 invalid provision or application, and to this end the provisions  
21 of this Act are severable.



1 SECTION 4. This Act shall take effect on July 1, 2050.

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# H.B. NO. 2417 H.D. 1

**Report Title:**

DLNR; Leases; Extension; Direct Negotiation; Appropriation

**Description:**

Requires DLNR to review the final report of the house of representatives' investigative committee established under House Resolution No. 164, Regular Session of 2021, for the purpose of conducting a policy analysis and developing proposed legislation. Appropriates funds for DLNR to conduct the policy analysis and implement the report's recommendations. Effective 7/1/2050. (HD1)

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

