DAVID Y. IGE GOVERNOR OF HAWAII





STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621 HONOLULU, HAWAII 96809

Testimony of SUZANNE D. CASE Chairperson

Before the House Committee on WATER & LAND

Tuesday, February 15, 2022 8:30 AM State Capitol, Conference Room 430, Via Videoconference

In consideration of HOUSE BILL 2165 RELATING TO DISPOSITION OF PUBLIC LANDS BY NEGOTIATION

House Bill 2165 proposes to include leases for commercial, industrial and hotel or resort purposes eligible for disposition by negotiation pursuant to Section 171-59(b), Hawaii Revised Statutes (HRS). The Department of Land and Natural Resources (Department) strongly supports this Administration measure.

This bill proposes to include leases for commercial, industrial, and hotel or resort purposes to those eligible for direct negotiation pursuant to Section 171-59(b), HRS. The public auction process that is normally used to dispose of leases for these uses has become too protracted, cumbersome and uncertain to the extent that it has discouraged participation by potential lessees. This issue has been identified on multiple occasions by different parties including real estate consultants and potential lease applicants as a deterrent to leasing public lands. Interested parties would need to invest significant time and expense to comply with regulatory requirements such as Chapter 343, HRS, without any expectation of receiving a lease. As a result, properties have remained vacant, generating no income and serving no public benefit, while in some cases incurring significant management costs for the Department.

For instances where the outcome of the public auction is antithetical to its intent, the Department should have the option of issuing a direct lease to meet its fiduciary obligations. This measure would serve to assist in expediting the leasing process, potentially making properties more attractive to prospective lessees. Under these circumstances, awarding a direct lease would result in the creation of long-term income stream to fund the Department's resource management and protection programs, as opposed to the alternative where no income is generated and additional costs consume the Department's limited operating funds. Conversely, by allowing direct leasing this measure would facilitate the productive use of public lands for commercial, industrial, hotel and resort use purposes to create additional jobs, economic development and growth.

SUZANNE D. CASE CHAIRPERSON BOARD OF LAND NATURAL RESOURCES COMMISSION ON WATER RESOURCE MANAGEMENT

> ROBERT K. MASUDA FIRST DEPUTY

M. KALEO MANUEL DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES BOATING AND OCEAN RECREATION BUREAU OF CONVEYANCES COMMISSION ON WATER RESOURCE MANAGEMENT CONSERVATION AND RESOURCES ENFORCEMENT ENGINEERING FORESTRY AND WILDLIFE HISTORIC PRESERVATION KAHOOLAWE ISLAND RESERVE COMMISSION LAND STATE PARKS The Department believes that there are sufficient statutory safeguards to ensure that the public interest in protected in the direct leasing process. Unlike standard leases with an initial term of up to 55 years, direct leases awarded pursuant to Section 171-59, HRS, are limited to a term of 35 years. Furthermore, the rent from these leases would be determined at fair market value, ensuring that the State receives appropriate compensation for these leases. Finally, any request to award a direct lease would be transparent, subject to approval by the Board of Land and Natural Resources in an open, public meeting, providing the public, including any potential competing parties, with the identity of the potential lessee and an opportunity to review the proposed lease and provide testimony.

Thank you for the opportunity to comment on this measure.

Kūpuna for the Moʻopuna committed to the well-being of Hawaiʻi for the next generations to come kupuna4moopuna@gmail.com



HB 2165 – RELATING TO DISPOSITION OF PUBLIC LANDS BY NEGOTIATION.

OPPOSE

House Committee on Water & Land 2/15/2022 @ 8:30am

We OPPOSE HB 2165.

NO behind the scenes dealmaking for ceded land leases for commercial, industrial, and hotels/resorts that may foreclose, for decades, the ability of land leasing opportunities that could result in increased revenues for the DLNR and the protection of our lands and waters.

The State has a fiduciary duty as trustee of our public lands: "shall be held by the State as a public trust for native Hawaiians and the general public."

PUBLIC TRUST

Section 4. The lands granted to the State of Hawaii by Section 5(b) of the Admission Act and pursuant to Article XVI, Section 7, of the State Constitution.... shall be held by the State as a public trust for native Hawaiians and the general public.

Mahalo, Kūpuna for the Moʻopuna Panaʻewa, Hawaiʻi



Ua mau ke ea o ka 'āina i ka pono!



HOUSE COMMITTEE ON WATER & LAND

February 15, 2022 8:30 AM Conference Room 430

In OPPOSITION to HB2165: Relating to Disposition of Public Lands by Negotiation

Aloha Chair Tarnas, Vice Chair Branco, and Members of the Water & Land Committee,

On behalf of our 20,000 members and supporters, the Sierra Club of Hawai'i **OPPOSES HB2165**, which may foreclose significant revenue generating opportunities critical to the fulfillment of the Department of Land and Natural Resources' ("DLNR's") public trust duties.

Revenues generated from leases of public lands provide critical support to the DLNR, which is tasked with the stewardship of our public trust lands and waters as well as the protection of our conservation and watershed lands. Revenues may in some cases also be used to satisfy the state's obligation to the Office of Hawaiian Affairs and the Department of Hawaiian Home Lands, both of which also carry out stewardship and other activities that protect our islands' natural and cultural spaces. The Sierra Club of Hawai'i and the public generally therefore have a significant interest in ensuring that the DLNR maximizes revenue generating opportunities from its most lucrative land holdings, including and in particular its industrial, resort, and commercial land portfolio.

This measure may foreclose, for decades, the exploration of land leasing approaches that could result in significantly increased revenues for the DLNR and the protection of our islands' lands and waters. Notably, recent state audits have identified and recommended many ways that the DLNR's Land Division may be able to increase its lease revenues, including by developing and investing in a marketing plan, and ending its reliance on ground leases in favor of much more lucrative space and office leases. Unfortunately, the Land Division has appeared to reject these recommendations, and appears committed to maintaining its status quo approach to disposing of the revenue-generating public lands under its control. By authorizing the Land Division to directly negotiate leases for these lands, this measure would allow it to avoid adopting new leasing approaches that could enhance its lease revenues, and instead lock in low-revenue ground leases of our limited public land base with little to no oversight or accountability, for decades at a time.

For the reasons described above, the Sierra Club of Hawai'i respectfully urges the Committee to **HOLD** this measure.

Mahalo nui for the opportunity to testify.



Environmental Caucus of The Democratic Party of Hawaiʻi

- To: The Honorable David A. Tarnas, Chair The Honorable Patrick Pihana Branco, Vice Chair House Committee on Water and Land
- Re: HB 2165 RELATING TO DISPOSITION OF PUBLIC LANDS BY NEGOTIATION

Hearing: Tuesday, February 15, 2022, 8:30 a.m., Via Videoconference

Position: Opposition

Aloha, Chair Tarnas and Vice Chair Branco and Members of the Committee on Water and Land:

The Environmental Caucus of the Democratic Party of Hawai'i opposes HB 2165 and requests that this measure be DEFERRED by your Committee. This bill would allow leases for commercial, industrial, and hotel or resort purposes to be eligible for disposition by negotiation pursuant to section 171-59(b), Hawaii Revised Statutes, rather than through a public auction as currently required.

Section 171-59(b), HRS, allows for the disposition of leases for certain uses such as aeronautical and airport purposes, aquaculture, cattle feed production, and marine and maritime related purposes via direct negotiation rather than through public auction. To expand the disposition of leases to commercial, industrial, and hotel and resort purposes would create risks of adverse effects, such as unfair competition. Direct negotiations on highly valuable ceded public lands would adversely affect native Hawaiians and the public by eliminating the safeguards inherent in public auctions including fair competition and public oversight.

Mahalo nui loa for this opportunity to testify. Please defer this bill.

Respectfully submitted,

Melodie Aduja,

Alan Burdick

Co-Chairs, Environmental Caucus Democratic Party of Hawai`i Email: legislativepriorities@gmail.com



Monday, February 14, 2022

Relating to Disposition of Public Lands by Negotiation Testifying in Opposition

Aloha Chair and members of the committee,

The Pono Hawai'i Initiative (PHI) **Opposes HB2165, Relating to Disposition of Public** Lands by Negotiation.

This measure would allow DLNR to directly negotiate and issue commercial, industrial and resort leases for "ceded" lands without going through the public auction process. We need more transparency not less when dealing with the negotiation for these valuable land leases.

For these reasons, we urge the Committee to defer this measure indefinitely.

Mahalo for the opportunity to testify,

Gary Hooser Executive Director Pono Hawai'i Initiative



MAUNA KEA MOKU NUI `AELIKE/CONSENSUS BUILDING `OHANA

We file the following collective testimony IN OPPOSITION to the following Bills:

- 1. HB2024 RELATING TO MAUNA KEA: Mauna Kea Stewardship Authority; Established; Appropriation (\$)
- 2. SB2502 RELATING TO HAWAII COMMUNITY DEVELOPMENT AUTHORITY: Public Auction, Increases terms for public auction, sales, or leases from sixty-five years to ninety-nine years.
- 3. HB1750/SB3384 RELATING TO AFFORDABLE HOUSING: Makes the new construction of affordable housing eligible for exemption from environmental impact statement and environmental assessment requirements.
- 4. HB2165 RELATING TO DISPOSITION OF PUBLIC LANDS BY NEGOTIATION: Includes leases for commercial, industrial, and hotel or resort purposes eligible for disposition by negotiation pursuant to section 171-59(b), Hawaii Revised Statutes.

We file our opposition to the above-mentioned bills collectively because they are related, fail to protect and/or seek to alienate our lands out of the body corpus of the Public Lands Trust (Crown and Government lands) provided under the Admissions Act, for which Kanaka Maoli (Native Hawaiians) are the right holders and beneficiaries. (See Http://://www.capitol.hawaii.gov/hrscurrent/vol01_ch0001-0042f/04-adm/adm-.htm)

These bills are grossly defective thus constituting a liability upon all agents of the State for a Breach of Trust. Lawmakers/Legislators are Agents of the so-called "State of Hawai'i" and as such are also Trustees of the Public Trust. All Lawmakers/Legislators are required to exercise their Fiduciary Duties and Responsibilities in order to administer and manage the Constitutional Trust for the benefit of its Beneficiaries who are Native Hawaiians and the General Public. The Hawai'i Supreme Court opines that the Public Trust is like regular trusts - the Trustee must protect the resources of the Trust for the benefit and betterment of its Beneficiaries (See Ching v. Case - https://law.justia.com/cases/hawaii/supreme-court/2019/scap-18-0000432.html). Affirming that the lands must be managed for the betterment of the Beneficiaries and the Beneficiaries must receive benefits.

Furthermore, in addition to the protections provided for the Native Hawaiian beneficiaries under relevant state and federal laws, as Lawmakers/Legislators you are also bound by international law relating to the protections of Indigenous Peoples (such as Native Hawaiians) and their traditional lands and territories. The United Nations Declaration on Rights of Indigenous Peoples (UNDRIP) Article 26, specifically provides protection for the traditional lands of all Indigenous Peoples. Therefore, we as Kanaka Maoli (Native Hawaiians) and as right holders and beneficiaries do not give our consent for the alienation and or misuse of our lands. (See https://www.un.org/development/desa/indigenouspeoples/wp-content/uploads/sites/19/2018/11/UNDRIP_E_web.pdf)



MAUNA KEA MOKU NUI `AELIKE/CONSENSUS BUILDING `OHANA

We publicly object to and are opposed to the above listed bills. We have provided you with the legal reasons and relevant laws to inform your decision and call upon this Legislature to hold these bills and not to pursue them further into the future. Because to do otherwise is to act in excess of your authority and ignores the laws put in place to protect the People of Hawai'i and their Trust assets.

On Behalf of the Mauna Kea Moku Nui 'Aelike/Consensus Building 'Ohana /s/ Clarence Kauakahi Ching Speaker kahiwal@cs.com



HB2165 RELATING TO DISPOSITION OF PUBLIC LANDS BY NEGOTIATION House Committee on Water & Land

February 15, 2022	8:30 AM	Videoconference

The Council for Native Hawaiian Advancement (CNHA), a member-based 501(c)(3) nonprofit organization with a mission to enhance the cultural, economic, political, and community development of Native Hawaiians, **STRONGLY OPPOSES** HB2165, which could facilitate a less transparent process for the disposition of public lands for "commercial, industrial, hotel or resort" purposes and potentially lock these dispositions into an entire lifetime of inadequate and ineffective land uses that do not serve the public's best interest.

The disposition of public lands for 'commercial, industrial, hotel or resort' must currently be executed according to the public auctions and drawing provisions of the Hawai'i Revised Statutes (HRS §171-14 and §171-15, respectively), which requires statewide and county notice informing the public of important disposition information that includes: "specific use for which the disposition is intended[.]" The drawing provision additionally requires: "the qualifications required of applicants."

This measure would essentially include the disposition of public lands for "commercial, industrial, hotel or resort" purposes through the negotiation provisions of the HRS (§171-59), which does not require the statewide and county notice to contain information that includes "specific use for which the disposition is intended" nor "the qualifications required of applicants." <u>CNHA wishes to emphasize that this proposed amendment to the disposition of public lands could effectively invite MUCH LESS TRANSPARENCY in the disposition of public lands, which are held in trust for public interest, to private actors, whose use of these public lands may NOT BE in the best interest of the public.</u>

Should this measure pass, alongside the recently adopted HB499 HD2 SD2 CD1 (Act 236 SLH 2021), then the disposition of public lands for "commercial, industrial, hotel or resort" purposes through negotiation could have its maximum term of 35 years extended 40 more



years for a total of 75 years – an entire lifetime – in which the disposition of public lands would be locked into an inadequate and inefficient land use not optimized for the public's best interest.

Furthermore, the State's obligation to the betterment of conditions for Native Hawaiians is substantively carried out by the revenue generated from the Public Land Trust lands (PLT) corpus, which include those lands commonly referred to as "ceded" lands. The State, in fulfilling its trust mandate and fiduciary obligations to Native Hawaiians, must ensure against the further erosion of the PLT corpus, while also ensuring that these lands are subjected to best possible uses. This measure does not uphold that objective.

Historically, these lifetime-long leases, through the passage of time, increasingly lack clarity in terms of original "ownership" and purpose, and as a result, PLT lands have effectively been removed from the State's inventory and placed into private ownership. These extremely long leases may and continue to alienate public and "ceded" lands, which would further undermine the State's trust and fiduciary obligations to Native Hawaiians and the public.

Finally, current events involving Hawai'i legislators has evidenced the State's vulnerability to the passage of legislation that benefits, specifically, private actors who hold considerable political and economic influence.1 Considering the high value of our public lands, private interests seeking to monetize these lands for personal gain would be highly motivated, among this steep competition, to negotiate 'back room deals' under the cover of obscurity. This measure, by proposing the disposition of public lands for "commercial, industrial, hotel or resort'" purposes through the less transparent process of the negotiation provisions of the HRS, could very well be facilitating that kind of obscurity.For these reasons, CNHA respectfully requests that this measure be <u>held.</u>

Mahalo nui loa for this opportunity to provide testimony on this measure. Respectfully,

J. Kūhiō Lewis President & CEO Council for Native Hawaiian Advancement



House Committee on Water and Land

Hawai'i Alliance for Progressive Action (HAPA) Opposes: HB2165

Tuesday, February 15th, 2022 8:30 a.m. Conference Room 430

Aloha Chair Tarnas, Vice Chair Branco and Members of the Committee,

HAPA opposes HB2165, which proposes to include leases for commercial, industrial, and hotel or resort purposes eligible for disposition by negotiation pursuant to section 171-59(b), Hawaii Revised Statutes.

HB 2165 would allow DLNR to directly negotiate and issue commercial, industrial, and <u>resort</u> leases for public (mostly ceded) lands, without going through the public auction process. This would lock the most potentially lucrative public, or ceded, lands for the betterment of "commercial, industrial, and hotel or resort(s)" for up to 65+ years at a time. The allocation of public lands should be aligned with the public good and requires the additional transparency and review provided by a public auction.

By authorizing the Land Division to directly negotiate leases for these lands, HB2165 would allow the Land Division to avoid adopting new leasing approaches that would instead increase its lease revenues, and instead lock in low-revenue ground leases of our limited public land base with little to no oversight or accountability, for generations to come.

Given the extreme value of these lands, lessees with considerable political and economic influence would be motivated to "negotiate" deals for leases that do not adequately protect the interests and rights of Native Hawaiians and the public in leased public and ceded lands; such leases would also limit or foreclose the use of the most lucrative and often cultural important lands to pursue reconciliation and justice with Native Hawaiians for the next two generations.

The public has significant interest in ensuring that the DLNR maximizes revenue generating opportunities from its most lucrative land holdings, including and in particular its industrial, resort, and commercial land portfolio. This measure may prevent the exploration of land leasing approaches that could result in significantly increased revenues for the DLNR and the protection of our lands and environments. Unfortunately, the Land Division has appeared to reject recent recommendations from

state audits, and seems committed to maintaining its status quo approach to disposing of the revenue-generating public lands it controls.

Please defer HB2165.

Thank you for your consideration.

Respectfully,

Anne Frederick Executive Director

HB-2165 Submitted on: 2/12/2022 3:27:00 PM Testimony for WAL on 2/15/2022 8:30:00 AM

_	Submitted By	Organization	Testifier Position	Remote Testimony Requested
	Bridgit Bales	Individual	Oppose	No

Comments:

Strongly oppose!!!

HB-2165 Submitted on: 2/12/2022 3:57:08 PM Testimony for WAL on 2/15/2022 8:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Nako'o Warrington	Individual	Oppose	No

Comments:

OPPOSE!

Submitted on: 2/13/2022 3:19:24 PM Testimony for WAL on 2/15/2022 8:30:00 AM

 Submitted By	Organization	Testifier Position	Remote Testimony Requested
Diane Ware	Individual	Oppose	No

Comments:

Dear Committee Chair and Members,

I strongly oppose this measure which is a continuation of this state benefiting from stolen ceded lands. Native Hawaiians have been struggling for generations after the illegal overthrow of their constitutional monarchy. They have been marginalized, not given Hawaiian Homelands promised. Averaging 1,000 per year for 100 years with a list of 28,000 seems contrived to fail by the fact that they will be dead before 200 more years at the average of 1,000 per year.

I urge you to honor, not dishonor the legacy of the indigenous culture by benefiting Native Hawaiians in your leases of ceded lands. Let the practitioners and Kanaka Maoli lead in your decisions.

Mahalo for this opportunity to comment and to undo injustices,

Diane Ware, 99-7815 Kapoha Pl, Volcano Hi 96785

Submitted on: 2/13/2022 7:15:28 PM Testimony for WAL on 2/15/2022 8:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Mialisa Otis	Individual	Oppose	Yes

Comments:

I oppose HB2165, along with companion bill SB3133. I would like to testify orally. Thank you.

Submitted on: 2/14/2022 3:58:15 AM Testimony for WAL on 2/15/2022 8:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Kanela Kamahalohanuilai	State of Hawaii Constituents	Oppose	Yes

Comments:

We stand to oppose HB2165. We as a constituents of Hawaii, blood born kanaka, native hawaiian, mother, sister, student, friend, neighbor and hard worker. We Stand to oppose this bill because of this statement: HB2165 will allow DLNR to negotiate land lease for ceded lands. When dealing with ceded land DLNR has no right to negotiate without proper channeling. DNLR & Developers need/have to go through the proper channels, because everyone this is how corruption happens. Why? Do you officials keep proposing bills that is not beneficial for the people of the land, but for developers, government seats, and those who are in your real estate beneficiary. Ceded land resources? history? Identity? belongs to the people of Hawaii. Government officials and offices were suppose to manage land use correctly, respectively, and honestly. if DNLR or those who seats on the chairs of the government proposed a Bill like this they are not for the people. While I see many native hawaiian families struggling on social media, down the road, next door, in our backyard to get by with little food, unstable financial stability, and housing resources. I see Developer and government officials are abusing thier power by making bills that would hurt our environment, families, land stability and land history. We as a native hawaiian stand here government to government advocating for the kupuna, children, and those who can not navigate this world of nonsense to say stop. Stop making bills that exempts developer from following the FULL requirements and cost to obtain land. DNLR and our officials needs to reevaluate our state and city officials as well as other organizations that are responsible for our Lands because you all are abusing your power and resources. Giving developer building discounts, allowing them to build skyscrapers, condos, townhouses, for what? to only rent out 10% as low income and the rest full price for those who can afford it. This bill is not to help sustain Hawaii and provide affordable housing but for government individuals own personal gain and desires in the real estate business. Please look around there are places for families to live and raise thier families, but government and land management officials are selling our land and resources for nothing. Stop building and reassess what we already have. . Instead of allowing developers to get more ceded land, see how much buildings they already have. Are those building fully rented out if not make it an affordable unit with the units that are left. How long do people rent out the units? Stop building and reassessment is needed. DLNR should not gain that much control over land that belongs to the people. Akaka Bill. Thank you again for your time. We stand here to Oppose HB 2165 and any other bill that is trying to hurt our land, it's people, and resources.

Submitted on: 2/14/2022 6:09:37 AM Testimony for WAL on 2/15/2022 8:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Namaka	Individual	Oppose	No

Comments:

Aloha Chair Rep. David A. Tarnas, Vice Chair Rep. Patrick Pihana Branco and members of the Committee on Land and Water,

I oppose HB2165. Please do not pass this bad bill which would allow DLNR to directly negotiate and issue commercial, industrial, and resort leases for "ceded" lands, without going through the public auction process, locking the most potentially lucrative "ceded" lands up for 65+ years at a time with possible 40 year extensions under HB499 Act 236 became law without Governor Ige's signature. Given the value of these lands, lessees with considerable political and economic influence would be motivated to "negotiate"/cut backroom deals for leases that do not adequately protect the interests and rights of Native Hawaiians and the public in leased public and "ceded" lands; such leases would also limit or foreclose the use of the most lucrative "ceded" lands to pursue reconciliation and justice with Native Hawaiians for the next two generations

Mahalo nui

Submitted on: 2/14/2022 8:18:50 AM Testimony for WAL on 2/15/2022 8:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Nana-Honua Manuela	Individual	Oppose	No

Comments:

Aloha, this testimony is to remind you all that as Trusees of the Public Lands Trust, you have a fiduciary responsibility to the beneficiaries to ensure that your actions are in the best interest of the beneficiaries as well as preserving the body corpus of these lands. No title, no treaty, no consent. You will have to be held responsible for your actions someday.

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

<u>HB-2165</u>

Submitted on: 2/14/2022 10:09:36 AM Testimony for WAL on 2/15/2022 8:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Jennifer Noelani Ahia	Individual	Oppose	No

Comments:

I strongly oppose this bill.

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

<u>HB-2165</u>

Submitted on: 2/14/2022 11:05:07 AM Testimony for WAL on 2/15/2022 8:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Sharde Freitas	Individual	Oppose	No

Comments: Oppose

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

HB-2165

Submitted on: 2/14/2022 7:27:45 PM Testimony for WAL on 2/15/2022 8:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Laura Ramirez	Individual	Oppose	No

Comments:

Aloha,

I strongly oppose HB2165. NO MORE LONG TERM LEASES! Especially for resort, industrial, or commercial lands without complying with public auction requirements.

Mahalo,

Laura Ramirez and the Bettencourt family

Kapa'a, Kaua'i

Submitted on: 2/14/2022 8:49:33 PM Testimony for WAL on 2/15/2022 8:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Sherry Pollack	Individual	Oppose	No

Comments:

I strongly OPPOSE HB2165, which would undermine the Department of Land and Natural Resources' ability to steward our public lands and natural and cultural resources, as well as the state's obligations to the Hawaiian community under the public land trust and the Hawaiian Homes Commission Act.