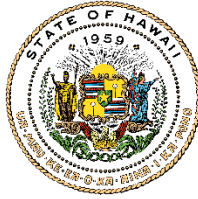


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LAND
STATE PARKS

**Testimony of
DAWN N. S. CHANG
Chairperson**

**Before the Senate Committees on
WAYS AND MEANS
and
JUDICIARY**

**Thursday, March 28, 2024
9:45 a.m.**

State Capitol, Conference Room 211 & Videoconference

**In consideration of
HOUSE BILL 2471, HOUSE DRAFT 2, SENATE DRAFT 1
RELATING TO INSPECTIONS ON PUBLIC LAND**

House Bill 2471, House Draft 2, Senate Draft 1 proposes to establish a statutory framework for inspections of public land leases, licenses, and revocable permits by the Department of Land and Natural Resources (Department). **The Department supports this Administration bill.**

Under Chapter 171, Hawaii Revised Statutes (HRS), and the terms and conditions of the various land dispositions approved by the Board of Land and Natural Resources (Board), the Department has authority to periodically inspect the premises under lease, license, or revocable permit. However, the Department's land agents are typically not architects, engineers, or licensed contractors and may not be qualified to identify components of existing structures on the premises in need of repair or replacement. Furthermore, to the extent the Department's land agents are able to identify items requiring repair or replacement, existing lease terms and conditions do not provide the Department with sufficient leverage to compel the lessee to make the necessary repair or replacement. This is particularly problematic at the end of a long-term lease when the lessee has little incentive to invest significant funds in the upkeep of the property.

The House Investigative Committee (Committee), established under House Resolution No. 164 during the 2021 Regular Session, was tasked with, among other things, reviewing Audit Report No. 19-12 by the State Auditor, on the Department's Special Land and Development Fund. Rather than having the Department's land agents conduct the inspections, the Committee recommended

that the Department require lessees to pay for third-party inspectors selected by the Department to conduct physical inspections of the leased property every five years. The Committee further recommended that if the third-party inspector found any defaults with the lease terms, the lessee should be required to take any corrective actions recommended by the inspector.

The purpose of this bill is to establish a statutory framework for inspections of public land leases and licenses. The inspections may be conducted by qualified third-party inspectors contracted by the Department but paid for by the lessee, licensee, or permittee, as applicable. If the inspection identifies items needing repair or replacement, the lessee, licensee, or permittee will be required to make the necessary repair or replacement at its expense or risk termination of its land disposition.

In Senate Draft 1, the Committee on Water and Land amended the bill by: (i) deleting all references to revocable permits; (ii) deleting language that would have specified that notice of inspections shall be given in accordance with the terms and conditions of the lease, license, or revocable permit, or in writing in the event that the applicable disposition document is silent as to the notice required; (iii) deleting language that would have specified that no notice shall be required for inspections conducted in response to an emergency; and (iv) deleting the definition of "emergency".

The Department continues to support this measure with Senate Draft 1 amendments. The Department's main goal in seeking introduction of this Administration bill was to ensure long-term dispositions like leases and licenses could be inspected and lessees could be required to take corrective actions as determined by inspectors. The bill, as amended, continues to serve this goal.

Mahalo for the opportunity to testify on this measure.