

S.B. NO. 3128

JAN 28 2026

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# A BILL FOR AN ACT

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RELATING TO THE HAWAIIAN HOMES COMMISSION ACT, 1920.

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

1 SECTION 1. Section 208 of the Hawaiian Homes Commission  
2 Act, 1920, is amended to read as follows:

3 **"\$208. Conditions of leases.** Each lease made under the  
4 authority granted the department by section 207 of this Act, and  
5 the tract in respect to which the lease is made, shall be deemed  
6 subject to the following conditions, whether or not stipulated  
7 in the lease:

8 (1) The original lessee shall be a native Hawaiian, not  
9 less than eighteen years of age. In case two lessees  
10 either original or in succession marry, they shall  
11 choose the lease to be retained, and the remaining  
12 lease shall be transferred, quitclaimed, or canceled  
13 in accordance with the provisions of succeeding  
14 sections.

15 (2) The lessee shall pay a rental of \$1 a year for the  
16 tract and the lease shall be for a term of ninety-nine  
17 years; except that the department may extend the term  
18 of any lease; provided that the approval of any

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1 extension shall be subject to the condition that the  
2 aggregate of the initial ninety-nine year term and any  
3 extension granted shall not be for more than one  
4 hundred ninety-nine years.

5 (3) The lessee may be required to occupy and commence to  
6 use or cultivate the tract as the lessee's home or  
7 farm or occupy and commence to use the tract for  
8 aquaculture purposes, as the case may be, within one  
9 year after the commencement of the term of the lease.

10 (4) The lessee thereafter, for at least such part of each  
11 year as the department shall prescribe by rules, shall  
12 occupy and use or cultivate the tract on the lessee's  
13 own behalf.

14 (5) The lessee shall not in any manner transfer to, or  
15 otherwise hold for the benefit of, any other person or  
16 group of persons or organizations of any kind, except  
17 a native Hawaiian or Hawaiians, and then only upon the  
18 approval of the department, or agree so to transfer,  
19 or otherwise hold, the lessee's interest in the tract;  
20 except that the lessee, with the approval of the  
21 department, also may transfer the lessee's interest in  
22 the tract to the following qualified relatives of the

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1 lessee who are at least one-quarter Hawaiian: husband,  
2 wife, child, [or] grandchild[-], niece, or nephew. A  
3 lessee who is at least one-quarter Hawaiian who has  
4 received an interest in the tract through succession  
5 or transfer may, with the approval of the department,  
6 transfer the lessee's leasehold interest to a brother  
7 or sister who is at least one-quarter Hawaiian. Such  
8 interest shall not, except in pursuance of such a  
9 transfer to or holding for or agreement with a native  
10 Hawaiian or Hawaiians or qualified relative who is at  
11 least one-quarter Hawaiian approved of by the  
12 department or for any indebtedness due the department  
13 or for taxes or for any other indebtedness the payment  
14 of which has been assured by the department, including  
15 loans from other agencies where such loans have been  
16 approved by the department, be subject to attachment,  
17 levy, or sale upon court process. The lessee shall  
18 not sublet the lessee's interest in the tract or  
19 improvements thereon; provided that a lessee may be  
20 permitted, with the approval of the department, to  
21 rent to a native Hawaiian or Hawaiians, lodging either

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1                   within the lessee's existing home or in a separate  
2                   residential dwelling unit constructed on the premises.

3                   (6) Notwithstanding the provisions of paragraph (5), the  
4                   lessee, with the consent and approval of the  
5                   commission, may mortgage or pledge the lessee's  
6                   interest in the tract or improvements thereon to a  
7                   recognized lending institution authorized to do  
8                   business as a lending institution in either the State  
9                   or elsewhere in the United States; provided the loan  
10                  secured by a mortgage on the lessee's leasehold  
11                  interest is insured or guaranteed by the Federal  
12                  Housing Administration, Department of Veterans  
13                  Affairs, or any other federal agency and their  
14                  respective successors and assigns, which are  
15                  authorized to insure or guarantee such loans, or any  
16                  acceptable private mortgage insurance as approved by  
17                  the commission. The mortgagee's interest in any such  
18                  mortgage shall be freely assignable. Such mortgages,  
19                  to be effective, must be consented to and approved by  
20                  the commission and recorded with the department.  
21                  Further, notwithstanding the authorized purposes  
22                  of loan limitations imposed under section 214 of this

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1 taxes and have a lien therefor as provided by section  
2 216 of this Act.

3 (8) The lessee shall perform such other conditions, not in  
4 conflict with any provision of this Act, as the  
5 department may stipulate in the lease; provided that  
6 an original lessee shall be exempt from all taxes for  
7 the first seven years after commencement of the term  
8 of the lease."

9 SECTION 2. Section 209 of the Hawaiian Homes Commission  
10 Act, 1920, is amended by amending subsection (a) to read as  
11 follows:

12 "(a) Upon the death of the lessee, the lessee's interest  
13 in the tract or tracts and the improvements thereon, including  
14 growing crops and aquacultural stock (either on the tract or in  
15 any collective contract or program to which the lessee is a  
16 party by virtue of the lessee's interest in the tract or  
17 tracts), shall vest in the relatives of the decedent as provided  
18 in this paragraph. From the following relatives of the lessee  
19 who are (1) at least one-quarter Hawaiian, husband, wife,  
20 children, grandchildren, brothers, [or] sisters, nieces, or  
21 nephews, or (2) native Hawaiian, father and mother, widows or  
22 widowers of the children, or widows or widowers of the brothers

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1 and sisters[~~, or nieces and nephews,~~]—the lessee shall  
2 designate the person or persons to whom the lessee directs the  
3 lessee's interest in the tract or tracts to vest upon the  
4 lessee's death. The Hawaiian blood requirements shall not apply  
5 to the descendants of those who are not native Hawaiians but who  
6 were entitled to the leased lands under section 3 of the Act of  
7 May 16, 1934 (48 Stat. 777, 779), as amended, or under section 3  
8 of the Act of July 9, 1952 (66 Stat. 511, 513). In all cases  
9 that person or persons need not be eighteen years of age. The  
10 designation shall be in writing, may be specified at the time of  
11 execution of the lease with a right in the lessee in similar  
12 manner to change the beneficiary at any time and shall be filed  
13 with the department and approved by the department in order to  
14 be effective to vest the interests in the successor or  
15 successors so named.

16 In case of the death of any lessee, except as hereinabove  
17 provided, who has failed to specify a successor or successors as  
18 approved by the department, the department may select from only  
19 the following qualified relatives of the decedent:

20 (1) Husband or wife; or  
21 (2) If there is no husband or wife, then the children; or



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1       Upon the death of a lessee who has not designated a  
2       successor and who leaves a spouse not qualified to succeed to  
3       the lease or children not qualified to succeed to the lease, or  
4       upon the death of a lessee leaving no relative qualified to be a  
5       lessee of Hawaiian home lands, or the cancellation of a lease by  
6       the department, or the surrender of a lease by the lessee, the  
7       department shall appraise the value of all the improvements and  
8       growing crops or improvements and aquacultural stock, as the  
9       case may be, and shall pay to the nonqualified spouse or the  
10      nonqualified children as the lessee shall have designated prior  
11      to the lessee's death, or to the legal representative of the  
12      deceased lessee, or to the previous lessee, as the case may be,  
13      the value thereof, less any indebtedness to the department, or  
14      for taxes, or for any other indebtedness the payment of which  
15      has been assured by the department, owed by the deceased lessee  
16      or the previous lessee. These payments shall be made out of the  
17      Hawaiian home loan fund and shall be considered an advance  
18      therefrom and shall be repaid by the successor or successors to  
19      the tract involved. If available cash in the Hawaiian home loan  
20      fund is insufficient to make these payments, payments may be  
21      advanced from the Hawaiian home general loan fund and shall be  
22      repaid by the successor or successors to the tract involved;

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1 provided that any repayment for advances made from the Hawaiian  
2 home general loan fund shall be at the interest rate established  
3 by the department for loans made from the Hawaiian home general  
4 loan fund. The successor or successors may be required by the  
5 commission to obtain private financing in accordance with  
6 section 208(6) to pay off the amount advanced from the Hawaiian  
7 home loan fund or Hawaiian home general loan fund."

8 SECTION 3. Section 209 of the Hawaiian Homes Commission  
9 Act, 1920, as amended by section 2 of Act 80, Session Laws of  
10 Hawaii 2017, and pending consent of the United States Congress,  
11 is amended by amending subsection (a) to read as follows:

12 "(a) Upon the death of the lessee, the lessee's interest  
13 in the tract or tracts and the improvements thereon, including  
14 growing crops and aquacultural stock (either on the tract or in  
15 any collective contract or program to which the lessee is a  
16 party by virtue of the lessee's interest in the tract or  
17 tracts), shall vest in the relatives of the decedent as provided  
18 in this paragraph. From the following relatives of the lessee  
19 who are (1) at least one thirty-second Hawaiian, spouse,  
20 children, grandchildren, brothers, [or] sisters, nieces, or  
21 nephews, or (2) native Hawaiian, father and mother, widows or  
22 widowers of the children, or widows or widowers of the brothers

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1 and sisters~~, or nieces and nephews,~~—the lessee shall  
2 designate the person or persons to whom the lessee directs the  
3 lessee's interest in the tract or tracts to vest upon the  
4 lessee's death. The Hawaiian blood requirements shall not apply  
5 to the descendants of those who are not native Hawaiians but who  
6 were entitled to the leased lands under section 3 of the Act of  
7 May 16, 1934 (48 Stat. 777, 779), as amended, or under section 3  
8 of the Act of July 9, 1952 (66 Stat. 511, 513). In all cases  
9 that person or persons need not be eighteen years of age. The  
10 designation shall be in writing, may be specified at the time of  
11 execution of the lease with a right in the lessee in similar  
12 manner to change the beneficiary at any time and shall be filed  
13 with the department and approved by the department in order to  
14 be effective to vest the interests in the successor or  
15 successors so named.

16 In case of the death of any lessee, except as hereinabove  
17 provided, who has failed to specify a successor or successors as  
18 approved by the department, the department may select from only  
19 the following qualified relatives of the decedent:  
20 (1) Spouse; or  
21 (2) If there is no spouse, then the children; or

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1       Upon the death of a lessee who has not designated a  
2       successor and who leaves a spouse not qualified to succeed to  
3       the lease or children not qualified to succeed to the lease, or  
4       upon the death of a lessee leaving no relative qualified to be a  
5       lessee of Hawaiian home lands, or the cancellation of a lease by  
6       the department, or the surrender of a lease by the lessee, the  
7       department shall appraise the value of all the improvements and  
8       growing crops or improvements and aquacultural stock, as the  
9       case may be, and shall pay to the nonqualified spouse or the  
10      nonqualified children as the lessee shall have designated prior  
11      to the lessee's death, or to the legal representative of the  
12      deceased lessee, or to the previous lessee, as the case may be,  
13      the value thereof, less any indebtedness to the department, or  
14      for taxes, or for any other indebtedness the payment of which  
15      has been assured by the department, owed by the deceased lessee  
16      or the previous lessee. These payments shall be made out of the  
17      Hawaiian home loan fund and shall be considered an advance  
18      therefrom and shall be repaid by the successor or successors to  
19      the tract involved. If available cash in the Hawaiian home loan  
20      fund is insufficient to make these payments, payments may be  
21      advanced from the Hawaiian home general loan fund and shall be  
22      repaid by the successor or successors to the tract involved;

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1 provided that any repayment for advances made from the Hawaiian  
2 home general loan fund shall be at the interest rate established  
3 by the department for loans made from the Hawaiian home general  
4 loan fund. The successor or successors may be required by the  
5 commission to obtain private financing in accordance with  
6 section 208(6) to pay off the amount advanced from the Hawaiian  
7 home loan fund or Hawaiian home general loan fund."

8 SECTION 4. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10 SECTION 5. This Act shall take effect upon its approval  
11 pursuant to section 16 of article III of the Constitution of the  
12 State of Hawaii; provided that sections 1, 2, and 3 shall take  
13 effect pursuant to title 43 Code of Federal Regulations part 48  
14 on either:

15 (1) The date of the United States Secretary of the  
16 Interior's notification letter to the Congressional  
17 Committee Chairpersons that this Act meets none of the  
18 criteria in title 43 Code of Federal Regulations  
19 section 48.20; or

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INTRODUCED BY: M. M. - W.

BY REQUEST

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**Report Title:**

HHCA; Department of Hawaiian Home Lands; Eligible Transferees and Successors to Homestead Leases

**Description:**

Amends sections 208 and 209(a) of the Hawaiian Homes Commission Act, 1920, to include nieces and nephews who are at least one-quarter Native Hawaiian as qualifying relatives of lessees for the purposes of lease transfer and lease successorship.

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

JUSTIFICATION SHEET

DEPARTMENT: Hawaiian Home Lands

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAIIAN HOMES COMMISSION ACT, 1920.

PURPOSE: To amend the Hawaiian Homes Commission Act, 1920, to include nieces and nephews who are at least one-quarter Native Hawaiian as qualifying relatives of lessees for the purposes of lease transfer and lease successorship.

MEANS: Amend sections 208 and 209(a) of the Hawaiian Homes Commission Act, 1920, including the version of section 209(a) as amended by section 2 of Act 80, Session Laws of Hawaii 2017, pending consent of the United State Congress.

JUSTIFICATION: Certain lessee beneficiaries do not have a qualifying Native Hawaiian spouse, child, grandchild or sibling. Certain lessee beneficiaries have also indicated a desire to transfer or succeed their lease to their Native Hawaiian niece or nephew. This bill will allow lessee beneficiaries to transfer or succeed a lease to a one-quarter Native Hawaiian niece or nephew of the lessee as a qualifying relative. Nieces and nephews would be considered qualifying relatives of the lessee that would have priority before widows or widowers of children, and widows or widowers of the brothers and sisters.

Impact on the public: This bill further protects the interest of beneficiaries of the Hawaiian Homes Commission Act, 1920, by including one-quarter Native Hawaiian nieces and nephews as qualifying relatives of lessees for the purposes of lease transfer and lease successorship. Thereby, expanding opportunities for Hawaiian Home Lands leases to remain within beneficiary families.

Impact on the department and other agencies:

The Department and the Hawaiian Homes Commission will be able to consider and approve one-quarter Native Hawaiian nieces and nephews as qualifying relatives of a lessee for the purposes of lease transfer, lease successorship, and designation of successor to lease.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: HHL 625.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: Upon approval; provided that sections 1, 2, and 3 shall take effect pursuant to title 43 Code of Federal Regulations part 48 on either:

- (1) The date of the United States Secretary of the Interior's notification letter to the Congressional Committee Chairpersons that this Act meets none of the criteria in title 43 Code of Federal Regulations section 48.20; or
- (2) The date that the United States Congress's approval becomes law.