

JAN 28 2026

A BILL FOR AN ACT

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 Act and the authorized loan amount limitations imposed
2 under section 215 of this Act, loans made by lending
3 institutions as provided in this paragraph, insured or
4 guaranteed by the Federal Housing Administration,
5 Department of Veterans Affairs, or any other federal
6 agency and their respective successors and assigns, or
7 any acceptable private mortgage insurance, may be for
8 such purposes and in such amounts, not to exceed the
9 maximum insurable limits, together with such
10 assistance payments and other fees, as established
11 under section 421 of the Housing and Urban Rural
12 Recovery Act of 1983 which amended Title II of the
13 National Housing Act of 1934 by adding section 247,
14 and its implementing regulations, to permit the
15 Secretary of Housing and Urban Development to insure
16 loans secured by a mortgage executed by the homestead
17 lessee covering a homestead lease issued under section
18 207(a) of this Act and upon which there is located a
19 one to four family single family residence.

20 (7) The lessee shall pay all taxes assessed upon the tract
21 and improvements thereon. The department may pay such

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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 (3) If there is no husband, wife, or child, then the
2 grandchildren; or
- 3 (4) If there is no husband, wife, child, or grandchild,
4 then brothers or sisters; or
- 5 (5) If there is no husband, wife, child, grandchild,
6 brother, or sister, then nieces or nephews; or
- 7 [~~5~~] (6) If there is no husband, wife, child, grandchild,
8 brother, [~~or~~] sister, niece, or nephew, then from
9 the following relatives of the lessee who are
10 native Hawaiian: father and mother, widows or
11 widowers of the children, or widows or widowers
12 of the brothers and sisters [~~or nieces and~~
13 ~~nephews~~].

14 The rights to the use and occupancy of the tract or tracts may
15 be made effective as of the date of the death of the lessee.

16 In the case of the death of a lessee leaving no designated
17 successor or successors, husband, wife, children, grandchildren,
18 or relative qualified to be a lessee of Hawaiian home lands, the
19 land subject to the lease shall resume its status as unleased
20 Hawaiian home lands and the department is authorized to lease
21 the land to a native Hawaiian as provided in this Act.

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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 (3) If there is no spouse or child, then the
2 grandchildren; or
- 3 (4) If there is no spouse, child, or grandchild, then
4 brothers or sisters; or
- 5 (5) If there is no spouse, child, grandchild, brother, or
6 sister, then nieces or nephews; or
- 7 [~~5~~] (6) If there is no spouse, child, grandchild,
8 brother, [~~or~~] sister, niece, or nephew, then from
9 the following relatives of the lessee who are
10 native Hawaiian: father and mother, widows or
11 widowers of the children, or widows or widowers
12 of the brothers and sisters [~~, or nieces and~~
13 ~~nephews~~].

14 The rights to the use and occupancy of the tract or tracts may
15 be made effective as of the date of the death of the lessee.

16 In the case of the death of a lessee leaving no designated
17 successor or successors, spouse, children, grandchildren, or
18 relative qualified to be a lessee of Hawaiian home lands, the
19 land subject to the lease shall resume its status as unleased
20 Hawaiian home lands and the department is authorized to lease
21 the land to a native Hawaiian as provided in this Act.

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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
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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

20

21

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1 (2) The date that the United States Congress's approval
2 becomes law.

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4
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INTRODUCED BY: *M.M. D.J.*

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 succession, 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.