

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA
P.O. BOX 621
HONOLULU, HAWAII 96809

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
RYAN K.P. KANAKA'OLE
FIRST DEPUTY
CIARA W.K. KAHAHANE
DEPUTY DIRECTOR - WATER
AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES
ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**Testimony of
RYAN K.P. KANAKA'OLE
Acting Chairperson**

**Before the Senate Committee on
WAYS AND MEANS**

**Wednesday, February 25, 2026
10:55 AM
State Capitol, Conference Room 211**

**In consideration of
SENATE BILL 2596
RELATING TO GOVERNMENT LEASES**

Senate Bill 2596 proposes to require that real property leases between state government entities cost no more than \$1 per year. **The Department of Land and Natural Resources (Department) offers the following comments.**

While the Department normally processes dispositions to other state entities either via set aside or at gratis rent, there are certain instances in which there are public lands located in prime, commercial areas that could be considered as valuable income generating properties. In those cases, the Department would only be willing to lease such properties at gratis rent or process a set aside in those instances in which another state entity was to propose a use that would generate income and contribute revenues to the Special Land and Development Fund (SLDF). In most cases, this would require the agency to sublease.

The Department notes that revenues collected by the Department's Land Division cover the entire annual operating budget for the Land Division, the Department's Office of Conservation and Coastal Lands, and the Department's Dam Safety and Mineral Resources Programs. In addition, the revenues fund over 80 Department staff positions, including 5 positions within the Commission on Water Resource Management, and provide funding support to the Division of State Parks and various resource protection programs administered by the Division of Forestry and Wildlife such as the protection of threatened and endangered species, removal of invasive species, wildland firefighting and lifeguard services.

Prohibiting the lessee from subleasing the real property could limit the Department's flexibility to generate revenues for the SLDF. Therefore, the Department respectfully requests that the measure be amended as follows:

Page 1, line 9:

(2) The lessee shall not sublease the real property.

(3) Real property that generates revenues for the special land and development fund as specified in section 171-19 shall be excluded from this section, provided that such leases shall still be subject to board approval.

Mahalo for the opportunity to comment on this measure.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
Senate Committee on Ways and Means
February 25, 2026 at 10:55 a.m.

By

Luis P. Salaveria

Vice President for Budget and Finance/Chief Financial Officer

SB 2596 – RELATING TO GOVERNMENT LEASES

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Thank you for the opportunity to provide comments on SB 2596, which requires that real property leases between state government entities cost no more than \$1 per year. The University of Hawai'i (University) offers the following comments.

SB 2596 would amend Title 12, Chapter 171 of the Hawai'i Revised Statutes regarding the management of public lands by the State of Hawai'i's Board of Land and Natural Resources (BLNR). While the University appreciates the efficiencies sought by restricting government-to-government leases to no more than \$1 per year, SB 2596 also includes language that the "lessee shall not sublease the real property". As drafted, this bill would significantly limit the University's plans for educational programming currently underway.

The University has a number of on-campus and off-campus properties throughout the State that are leased from BLNR. For these lands, the University, as the lessee, has previously entered into subleases and would consider entering into future subleases when opportunities that provide educational and research value important to the University, as the State's public university system, become available. In addition, prohibiting the University from subleasing the subject lands would limit the University's (and other State agencies') ability to generate potential revenues that would help to offset operational costs otherwise borne by the University and the State general fund. The BLNR, as the lessor, currently has approval rights over subleases under Section 171-36, along with the right to review and approve the rental amounts to be paid.

If the Committee does advance this bill, especially given the University's legal ability to hold title to lands in its own name and its ongoing efforts to decrease reliance on the general fund, the University would respectfully request being exempted from the definition of "State entity" for purposes of this legislation, or deleting the provision that prohibits subleasing of property.

Thank you for the opportunity to provide our comments on this measure.

SB-2596

Submitted on: 2/23/2026 9:23:52 PM

Testimony for WAM on 2/25/2026 10:55:00 AM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Support	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry, Support

2596 SB RELATING TO GOVERNMENT LEASES.

STATE OF HAWAII TO STATE OF HAWAII