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

Before the Senate Committees on
WATER, LAND, CULTURE AND THE ARTS
and
GOVERNMENT OPERATIONS

Thursday, February 19, 2026
3:10 PM
State Capitol, Conference Room 225

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.