

ACT 115

S.B. NO. 854

A Bill for an Act Relating to Public School Lands.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 302A-1151.1, Hawaii Revised Statutes, is amended to read as follows:

“~~§302A-1151.1~~ Pilot program for lease of public school land. (a) There shall be established within the department a pilot program for the lease of public school land, including facilities. The department, in consultation with the board of education and any other appropriate agency, shall serve as the facilitator of the pilot program.

(b) Notwithstanding sections 171-13 and 302A-1151, or any other law to the contrary, the department may lease public school land on terms it deems appropriate[;], including a leaseback of all or a portion of the improvements constructed; provided that:

- (1) The board may identify and select up to five public school land sites as candidates for participation in the pilot program; provided that:
 - (A) During the identification and selection process, the board shall be subject to chapter 92, shall hold at least one public meeting in each affected community, and shall foster school and community participation; and

- (B) If the site is on land owned by the county, the department shall consult with the county;
- (2) The department may lease public school land for no more than three public school land sites identified and selected by the board pursuant to paragraph (1) under leases for a term of not more than fifty-five years per lease, unless extended pursuant to section 171-36, to lessees who shall be required to modify, construct, or utilize facilities to ~~meet public~~ benefit public educational purposes, ~~[including workforce rental housing units,]~~ in accordance with specific request for proposal or request for information guidelines; ~~and~~
- (3) Each lease shall stipulate that the lessee may retain any revenue generated from the facilities; provided that:
- (A) The lessee shall be obligated to maintain and operate the facilities ~~[for a public purpose]~~ to benefit public educational purposes for the length of the lease;
- (B) The lessee shall be obligated to pay to the county all applicable property tax on the value of any improvements;
- (C) A leasehold premium may be charged to the lessee for the right to use the public school land based on a competitive ~~[bid]~~ process~~;~~ that complies with applicable sections of chapter 103D;
- (D) Upon the expiration of the lease, the facilities shall revert to the department; and
- (E) All revenues and proceeds derived by the State under this section shall be deposited in the school facilities subaccount pursuant to section 302A-1151.2~~[-];~~ and
- (4) Notwithstanding any law to the contrary, the department may enter into leaseback agreements that allow the department to lease or sublease the property to a third party. The department may lease back the property from the third-party lessee or sublessee for a contractual period of time, after which the department shall own any improvements.
- (c) Any redevelopment involving nonschool purposes shall:
- (1) Comply with county plans, ordinances, and zoning and development codes; and
- (2) Acquire all required government approvals and permits.
- (d) Nothing in this section shall preclude the department from working with and receiving assistance from any other department or agency in carrying out the purposes of this section.
- (e) Any lease entered into by the department pursuant to subsection (b) shall be fully executed no later than five years from July 1, 2013.
- (f) For purposes of this section, public educational purposes shall include but are not limited to:
- (1) A new revenue source from the redevelopment of one or more underutilized department facilities;
- (2) New construction of department facilities or renovation of existing, underutilized department facilities into a twenty-first century school; or
- (3) A combination of paragraphs (1) and (2).”

SECTION 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval.

(Approved June 12, 2015.)