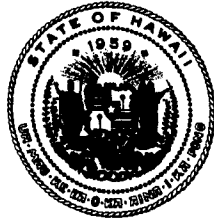


LINDA LINGLE  
GOVERNOR OF HAWAII



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**PETER T. YOUNG**  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

**ROBERT K. MASUDA**  
DEPUTY DIRECTOR

**DEAN NAKANO**  
ACTING 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 THE CHAIRPERSON  
OF THE DEPARTMENT OF LAND AND NATURAL RESOURCES**

**On House Concurrent Resolution 246/ House Resolution 187 – REQUESTING THE  
DEPARTMENT OF LAND AND NATURAL RESOURCES TO NEGOTIATE  
RECREATIONAL-RESIDENCE USE LEASES IN KOKEE WITH CERTAIN EXISTING  
LESSEES**

**BEFORE THE HOUSE COMMITTEE ON  
WATER, LAND, AND OCEAN RESOURCES**

March 31, 2006

House Concurrent Resolution 246 and House Resolution 187 requests the Board of Land and Natural Resources (Land Board) to negotiate a new lease with any existing lessee who has made improvements to the lessee's recreation-residence use lot and wishes to continue their lease. The resolutions also requests the Land Board to publicly auction any lot that does not have an existing lessee that wishes to continue their lease. The Department of Land and Natural Resources does not support these resolutions as the Land Board has approved the procedures whereby the recreation-residences will be auctioned.

There are three State Parks areas on Kauai with recreation residence leases: 1) Pu'u Ka Pele, 2) Halemanu, and 3) Kōke'e Camp Lots. The three recreation residence areas contain 107 leases comprised of improvements and lots, leased for a 20 year term, which expire on December 31, 2006. Until the lease expires, the lessee owns the improvements. Upon expiration ownership of the improvements reverts to the State along with the lot, in accordance with Chapter 171, Hawaii Revised Statutes (HRS).

The typical disposition of state land is via auction under Section 171-14, HRS. Many people on Kauai and across the State stated they wanted the opportunity to lease state land at Kokee. This is a public asset and the Department has the responsibility to make the state land available to the public, not a select few.

At its February 10, 2006 Land Board meeting, the Board approved "entering into an auction for disposition of the recreation residences" whereby the Department will retain approximately nine (9) cabins for State use. The Land Board also approved entering into direct negotiations at nominal rent for the lease of recreation residences to nonprofit organizations holding current leases in accordance

with sections 171-43 or 171-43.1, HRS. At the end of the lease period, all leasehold improvements revert to the ownership of the State, and there will be no compensation to the prior lessees for those improvements remaining on the lots. After many years of community meetings and discussions, staff and consultant analysis, and work by various state entities, the process to lease the recreational cabins for another 20 years has been set by the Land Board.