

JAN 19 2007

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# A BILL FOR AN ACT

RELATING TO REAL PROPERTY LEASES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. Chapter 519, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:  
4 "§519- Commercial, industrial, or business leases;  
5 lessor's obligation upon termination of lease; improvements. If  
6 the lease of real property which is:  
7 (1) Zoned by a county for commercial, industrial,  
8 industrial-commercial mixed use, business, or business  
9 mixed use; or  
10 (2) Otherwise zoned or permitted by the county to allow  
11 the use of property for business, industrial, or  
12 commercial use, or any mixture thereof;  
13 is not renegotiated by the lessor, the lessor shall be  
14 obligated, upon termination of the lease, to pay the lessee of  
15 that property the fair market value of any improvements made by  
16 the lessee to that property, unless the lease agreement provides  
17 otherwise."



1 SECTION 2. New statutory material is underscored.

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

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INTRODUCED BY: Erzanne Chun Cleveland

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**Report Title:**

Real Property Leases; Commercial Properties; Improvements

**Description:**

Requires the lessor of commercial and industrial properties to pay the lessee the market value of improvements made by the lessee in the event that the lessor does not renegotiate the lease with that lessee.

