

STAND. COM. REP. NO.

2685

Honolulu, Hawaii

MAR - 3 2006

RE: S.B. No. 173  
S.D. 2

Honorable Robert Bunda  
President of the Senate  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing,  
to which was referred S.B. No. 173, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONSUMER PROTECTION,"

begs leave to report as follows:

The purpose of this measure is to require the purchaser of a  
health club to assume all liabilities of the health club,  
including contractual liabilities.

Your Committee received testimony in support of this measure  
from four individuals. Comments were received from the Office of  
Consumer Protection.

This measure arises from the public concern that the  
purchaser of a health club is not obligated by law to assume the  
memberships of the seller of the health club. Your Committee  
finds that this practice is unfair and unconscionable. Health  
club contracts that existed at the time of the sale should be  
rightfully assumed by the new owner for the life of that contract,  
notwithstanding contract provisions to the contrary.

Your Committee notes that section 486N-8(a), Hawaii Revised  
Statutes, specifically prohibits lifetime health club contracts.  
Therefore, this measure need not address that situation.

Your Committee has amended this measure by:



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- (1) Specifying that the purchaser shall assume all existing and prior contracts; and
- (2) Changing the effective date to July 1, 2050 to continue the discussions.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 173, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 173, S.D. 2, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce, Consumer  
Protection, and Housing,

  
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ROW MENOR, Chair



