

Honolulu, Hawaii

APR 11 2006

RE: S.R. No. 71

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.R. No. 71 entitled:

"SENATE RESOLUTION REQUESTING A STUDY ON CREATING
CONTRIBUTORY AFFORDABLE HOUSING SOLUTIONS THROUGH MANDATED
STATE SPECIAL ASSESSMENTS AGAINST REAL PROPERTY AND
IMPROVEMENTS THAT ACCRUE TO COMMERCIAL AND INDUSTRIAL LESSORS
THROUGH THE EXERCISE OF FULL-TERM EXPIRATORY REVERSION
CLAUSES IN GROUND LEASE CONTRACTS ENTERED INTO AFTER
DECEMBER 31, 1963,"

begs leave to report as follows:

The purpose of this measure is to request a study by the
University of Hawaii on creating contributory affordable housing
solutions through mandated state special assessments against real
property and improvements that accrue to commercial and industrial
lessors through the exercise of full-term expiratory reversion
clauses in ground lease contracts entered into after December 31,
1963.

Testimony in support of the measure was submitted by two
individuals. The Land Use Research Foundation of Hawaii (LURF)
testified in strong opposition.

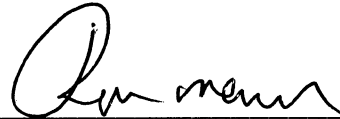
Your Committee finds that although LURF has raised a serious
constitutional question relating to impairment of contracts, the
study requested by this resolution may help to settle, without
litigation, a controversy between certain commercial and
industrial lessors and lessees. The issue is whether any profits
accruing to lessors from leasehold reversionary clauses would



justify a mandatory state special assessment, as proposed in the resolution.

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 concurs with the intent and purpose of S.R. No. 71 and recommends its adoption.

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



RON MENOR, Chair



