

Honolulu, Hawaii

FEB 29, 2008

RE: H.B. No. 1075
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns,
to which was referred H.B. No. 1075 entitled:

"A BILL FOR AN ACT RELATING TO REAL PROPERTY,"

begs leave to report as follows:

The purpose of this bill is to correct inequities in long-term commercial and industrial ground leases through the imposition of certain conditions increasing the fairness of the lease to lessees who undertake the lease for the purpose of developing, improving, operating, and subletting the properties.

Your Committee received testimony in support of this bill from the Hawaii Council of Associations of Apartment Owners and several concerned individuals. The Chamber of Commerce of Hawaii, and the Land Use Research Foundation testified in opposition to the measure. Kamehameha Schools submitted comments.

Your Committee heard testimony that some of the lease holders that would be provided relief under this measure are required to invest substantial amounts of money into infrastructure improvements with insufficient time left on the lease to recoup their investment. Your Committee notes that this bill was introduced to address this, and other inequities in the leases of commercial and industrial lease holders that can negatively affect business and our economy.



However, there are concerns that this measure could violate the Contracts Clause of the United States Constitution, as it would affect the terms of leases already in effect. To encourage further discussion of the issues raised by this bill, your Committee has changed its effective date to July 1, 2034.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1075, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1075, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business
Concerns,



KYLE T. YAMASHITA, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

HSCR 862-08

Record of Votes of the Committee on Economic Development & Business Concerns

Bill/Resolution No.: HB 1075	Committee Referral: EDB	Date: 2/26/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. YAMASHITA, Kyle T. (C)	✓			
2. WAKAI, Glenn (VC)		✓		
3. BERG, Lyla B., Ph.D.	✓			✓
4. BROWER, Tom		✓		
5. CHANG, Jerry L.	✓			
6. HANOHANO, Faye P.	✓			
7. HERKES, Robert N.				✓
8. MANAHAN, Joey	✓			
9. TSUJI, Clift	✓			
10. YAMANE, Ryan I.	✓			
11. CHING, Corinne W.L.				✓
12. MARUMOTO, Barbara C.		✓		
TOTAL (12)	6	3	0	3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small>				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				

