

STAND. COM. REP. NO.

3067

Honolulu, Hawaii

MAR 20 2008

RE: H.B. No. 2040  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committees on Economic Development and Taxation and Commerce, Consumer Protection, and Affordable Housing, to which was referred H.B. No. 2040 entitled:

"A BILL FOR AN ACT RELATING TO HAWAII'S ECONOMY,"

beg leave to report as follows:

The purpose of this measure is to authorize an independent study and analysis of Hawaii's economy, including recommendations for public policy changes that will begin to address the cost of living, affordability, and quality of life issues that Hawaii residents face.

Testimony in support of this measure was received from Hawaii Habitat for Humanity Association, the Snyder Family Trust/STI Industries, and two individuals. The Department of Business, Economic Development, and Tourism and The Chamber of Commerce of Hawaii submitted comments.

Your Committees find that many of the issues this measure proposes to study are already the subject of studies and reports produced by both the State and private sector entities. For this reason, your Committees have determined that, while well intended, the measure may not successfully respond to the affordability and quality of life issues that Hawaii residents face.

Your Committees have amended this measure to address two specific economic issues - the fiscal impact of commercial leases on small businesses and the State's long-term sustainability.

2008-2023 SSCR SMA.doc



Specifically, your Committees have deleted the content of this measure and replaced it with language from H.B. No. 1075, H.D.1, designated as part I, and S.B. No. 2555, S.D. 2, designated as parts II through VI. The amendments to this measure are as follows:

- (1) Part I adds a:
  - (A) Findings and purpose section regarding the stabilization of Hawaii's economy by lessening the onerous provisions of existing commercial and industrial leases of certain lands within urban districts by correcting inequities in long term commercial and industrial ground leases; and
  - (B) New section to chapter 519, Hawaii Revised Statutes, on terms and conditions of leases of commercial and industrial property that is situated in the State; zoned by a county for commercial, industrial, or mixed use; subject to a lease with an initial term of more than twenty-five years and an unexpired term of five years or more; and all or a portion of which is a parcel of real property of fifty thousand square feet or more that is owned by a lessor;
- (2) Part II adds a findings and purpose section regarding the establishment within the executive branch of state government of a new department of planning and sustainability to address issues regarding the long-range planning of the State and how it affects Hawaii's economy, to coordinate policies and actions relating to state planning and sustainability, and to provide a comprehensive sustainability agenda for the State;
- (3) Part III amends various sections in chapter 26, Hawaii Revised Statutes, to establish a Department of Planning and Sustainability (Department), and to designate the existing agencies placed within the Department for administrative purposes;
- (4) Part IV adds a new chapter to the Hawaii Revised Statutes to establish the Department, its objectives, powers and duties, jurisdiction, personnel, and rulemaking requirements;

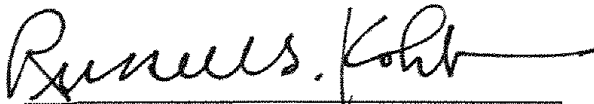


- (5) Part V amends various sections of the Hawaii Revised Statutes to reflect the above changes;
- (6) Part VI establishes guidelines for implementation, transfer provisions, and other administrative provisions related to changes in the Hawaii Revised Statutes; and
- (7) Restores the effective date to July 1, 2008, to ensure implementation of section 14 on July 1, 2010.

Your Committees believe that Hawaii's economy is more vulnerable than most to local, national, and international fluctuations in market and other forces. The development of a strong, sustainable economy is critical to meeting and overcoming these challenges.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Commerce, Consumer Protection, and Affordable Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2040, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2040, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committees on Economic  
Development and Taxation and  
Commerce, Consumer Protection,  
and Affordable Housing,



RUSSELL S. KOKUBUN, Chair



CAROL FUKUNAGA, Chair





The Senate  
Twenty-Fourth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Commerce, Consumer Protection and Affordable Housing**  
**CPH**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2040	EDT/CPH, WAM	03-18-08		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KOKUBUN, Russell S. (C)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will	✓			
IHARA, Jr., Les				✓
SAKAMOTO, Norman				✓
TANIGUCHI, BRIAN T.				✓
TRIMBLE, Gordon	✓			
<b>TOTAL</b>	<b>4</b>			<b>3</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">David Y. Ige</div>				
<b>Distribution:</b> Original    Yellow    Pink    Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes