

Honolulu, Hawaii  
Feb 12, 2010

RE: H.B. No. 2630  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2630 entitled:

"A BILL FOR AN ACT RELATING TO THE MOTOR VEHICLE INDUSTRY LICENSING ACT,"

begs leave to report as follows:

The purpose of this bill is to protect motor vehicle dealers in Hawaii by amending Hawaii's Motor Vehicle Industry Licensing Act (Licensing Act). Among other things, this bill:

- (1) Establishes that the provisions of the Licensing Act shall be remedial and apply to all existing franchise and ancillary agreements when this bill is enacted;
- (2) Inserting definitions for "ancillary agreement" and "relevant market area" into the Licensing Act;
- (3) Amending the definitions of "dealer", "franchise", and "new motor vehicle dealer" to reflect the changes to the Licensing Act;
- (4) Expanding the provisions and conditions under which the Motor Vehicle Industry Licensing Board may suspend, revoke, fine, or deny the renewal of any license, or prior to notice and hearing deny the issuance of any license for any cause authorized by law; and



- (5) Stipulating that the measure of compensation for distributors who are not manufacturers upon cancellation or failure to renew a franchise agreement that is established under the Licensing Act shall apply to instances of failing to renew or cancelling a franchise agreement without good cause and good faith.

The Hawaii Automobile Dealers' Association; Honolulu Ford; JN Group, Inc.; Aloha Auto Group; King Auto Group; and a concerned individual testified in support of this bill. General Motors, LLC and the Alliance of Automobile Manufacturers testified in opposition to this measure. The Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs and Motor Vehicle Industry Licensing Board provided comments.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2630, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2630, H.D. 1, and be referred to the Committee on Judiciary.

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

  
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ROBERT N. HERKES, Chair



