

STAND. COM. REP. NO.

2072

Honolulu, Hawaii

FEB - 9 2010

RE: S.B. No. 2020

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2020 entitled:

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

begs leave to report as follows:

The purpose of this measure is to maintain a fair and reasonable standard for lease provisions in long term industrial and commercial ground leases by extending the effective date of Act 189, Session Laws of Hawaii 2009, to June 30, 2015.

Your Committee received testimony in support of this measure from Grapac Properties; Citizens for Fair Valuation; A.L. Kilgo Company, Inc; Central Park Community Association; GP Roadway Solutions; Grace Pacific Corporation; Inter-Island Solar Supply; Mutual Plumbing Supply; Servco Pacific Inc.; McCully Works/Mauna Kea Orchids; Sawdust; Bacon-Universal Company, Inc.; Plywood Hawaii; Kakilepo, LLC; Pacific Jobbers Warehouse, Inc.; MW Commercial Realty, Inc.; Big Rock Manufacturing Inc.; and thirteen private citizens. Your Committee received a petition in support of this measure signed by eight private citizens. Testimony in opposition to this measure was received from the Land Use Research Foundation of Hawaii; Reit Management & Research, LLC; and Hawai'i Association of Realtors. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that the conditions that prompted the passage of Act 189, Session Laws of Hawaii 2009, remain in effect. The health and continued solvency of small businesses remain vital to the economic stability of the State. In addition, the major

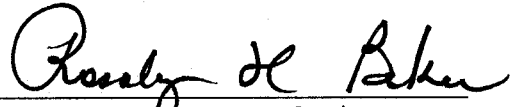
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lessor of commercial and industrial property in the State has continued to resist Act 189's mandate to honor "fair and reasonable" provisions in existing commercial and industrial leases, as evidenced by the filing of a lawsuit in federal district court challenging the constitutionality of Act 189, and has engaged in additional practices contrary to good corporate citizenship. Since the purpose of Act 189, to alleviate the economic burden on lessees of certain commercial and industrial properties by removing barriers to free and fair rent negotiations, remains relevant, your Committee finds that the extension of Act 189's effective date contained in this measure is necessary for the economic health of the State.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2020 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Government Operations.

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



ROSALYN H. BAKER, Chair



