

STAND. COM. REP. NO.

497

Honolulu, Hawaii

Feb 18, 2011

RE: H.B. No. 845

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Economic Revitalization & Business, to which was referred H.B. No. 845 entitled:

"A BILL FOR AN ACT RELATING TO GROUND LEASES,"

begs leave to report as follows:

The purpose of this bill is to encourage the extension of commercial or industrial ground leases by requiring a lessor who, upon request of the lessee for an extension of the lease, does not extend the term of an existing lease or issue a new ground lease that meets certain conditions to offer to sell the fee simple interest in the land to the lessee for an amount fixed by an appraisers' determination of the leased-fee interest in the land.

The Hawaii Council of Associations of Apartment Owners, Board of Directors of Lani Home Inc., Date-Laau Community Association, and numerous concerned individuals supported this bill. The Land Use Research Foundation of Hawaii, CommonWealth REIT, and Alexander & Baldwin, Inc., opposed this measure. Numerous concerned individuals submitted comments.

Your Committee notes that many leases are set to expire during the interim after the current regular session, which will significantly impact many members of our community. Therefore, your Committee finds that this matter merits further discussion and consideration and will continue to work on this bill as it moves forward in the legislative process.

HB845 HD1 HSCR ERB HMS 2011-2360



Your Committee has amended this measure by:

- (1) Expanding its scope to apply to residential leases;
- (2) Making it applicable only to a county with a population of 100,000 or more; and
- (3) Changing its effective date to July 1, 2112, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 845, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 845, H.D. 1, and be referred to the Committee on Judiciary.

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



ANGUS L.K. MCKELVEY, Chair



HSR 497

Record of Votes of the Committee on Economic Revitalization & Business

| Bill/Resolution No.: <i>HD 845</i> | Committee Referral: <i>ERB, JUD</i> | Date: <i>2/17/11</i> | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|--------------------------------|----------|----------|
| <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) | | | | |
| ERB Members | Ayes | Ayes (WR) | Nays | Excused |
| 1. McKELVEY, Angus L.K. (C) | ✓ | | | |
| 2. CHOY, Isaac W. (VC) | ✓ | | | |
| 3. AWANA, Karen L. | . | ✓ | | |
| 4. BROWER, Tom | ✓ | | | |
| 5. EVANS, Cindy | ✓ | | | |
| 6. HASHEM, Mark J. | . | ✓ | | |
| 7. NISHIMOTO, Scott Y. | ✓ | | | |
| 8. TOKIOKA, James Kunane | ✓ | | | |
| 9. TSUJI, Clift | ✓ | | | |
| 10. MARUMOTO, Barbara C. | . | ✓ | | |
| 11. PINE, Kymberly Marcos | | | | ✓ |
| TOTAL (11) | <i>7</i> | <i>3</i> | <i>0</i> | <i>1</i> |
| The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small> | | | | |
| Vice Chair's or designee's signature: <i>Isaac W. Choy</i> | | | | |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO | | | | |