

Honolulu, Hawaii
February 27, 2014

RE: H.B. No. 2041
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2041 entitled:

"A BILL FOR AN ACT RELATING TO FRANCHISES,"

begs leave to report as follows:

The purpose of this measure is to void franchise agreement provisions that restrict resolution of disputes involving an in-state franchise to an out-of-state forum.

The Chamber of Commerce Hawaii and two individuals submitted testimony in support of the measure. The Department of Commerce and Consumer Affairs submitted comments.

Your Committee finds that selection-of-forum provisions that restrict dispute resolution to an out-of-state forum are boilerplate provisions that place the in-state franchisee at a great disadvantage in seeking a fair and equitable resolution of issues with the mainland franchisor. Much of this disadvantage results from the expense of traveling to the mainland for a resolution. These provisions also thwart the intent of Hawaii's franchise law, under which franchisors are required to be amenable to jurisdiction in the State.

Your Committee has amended this measure by changing the effective date to July 1, 2112, in order to facilitate further discussion on the measure.



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. 2041, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2041, H.D. 1, and be placed on the calendar for Third Reading.

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



ANGUS L.K. MCKELVEY, Chair



