

STAND. COM. REP. NO. **2495**

Honolulu, Hawaii

**FEB 27 2014**

RE: S.B. No. 2623  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committees on Commerce and Consumer Protection and  
Judiciary and Labor, to which was referred S.B. No. 2623 entitled:

"A BILL FOR AN ACT RELATING TO FRANCHISES,"

beg leave to report as follows:

The purpose and intent of this measure is to void provisions  
in a franchise agreement with a Hawaii franchise that restricts  
the pre-dispute forum selection to a jurisdiction outside of  
Hawaii.

Your Committees received testimony in support of this measure  
from The Chamber of Commerce of Hawaii, Edible Arrangements Manoa,  
and two individuals. Your Committees received comments on this  
measure from the Business Registration Division of the Department  
of Commerce and Consumer Affairs.

Your Committees find that many current franchise agreements  
include clauses that require franchisees to travel to the  
franchisor's venue to resolve franchise-related disputes. Given  
Hawaii's geographic isolation from other states, the imposition of  
a mainland forum selection clause is impractical and creates a  
significant hardship for local franchise owners. A Hawaii-based  
franchisee is put at a great disadvantage because of the expense  
of traveling to the mainland for resolution due to these forum  
selection clauses, which often dictate whether and how a Hawaii-  
based franchisee is able to obtain relief.



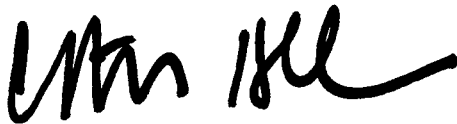
Your Committees further find that this measure does not mandate that all disputes be heard in Hawaii. Rather, it corrects an injustice to local franchisees by ensuring that Hawaii remains a forum selection option for claims arising under or relating to a franchise or the business dealings of a franchise in the State. This measure provides an opportunity for Hawaii-based franchisees to reduce costs, increase efficiency, and seek relief in a convenient forum.

Your Committees have amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

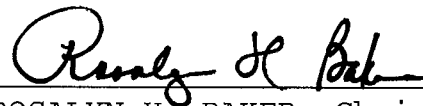
As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2623, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2623, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committees on Commerce and  
Consumer Protection and  
Judiciary and Labor,



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CLAYTON HEE, Chair



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ROSALYN H. BAKER, Chair



The Senate  
Twenty-Seventh Legislature  
State of Hawai'i

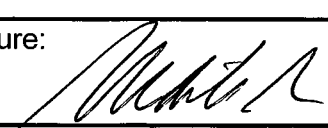
**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">SB 2623</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">CPN/JDL</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">2/11/14</div>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312         </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311         </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310         </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313         </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)				✓
NISHIHARA, Clarence K.	✓			
WAKAI, Glenn	✓	✓	✗	
SLOM, Sam		✗	✗	
<b>TOTAL</b>	3	1	1	1
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted         <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature: <div style="text-align: center; margin-top: 10px;"> </div>				
<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <b>Distribution:</b>            Original            File with Committee Report         </div> <div style="text-align: center;">            Yellow            Clerk's Office         </div> <div style="text-align: center;">           Pink            Drafting Agency         </div> <div style="text-align: center;">           Goldenrod            Committee File Copy         </div> </div>				

\*Only one measure per Record of Votes

The Senate  
Twenty-Seventh Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Judiciary and Labor**  
**JDL**

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Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile S.L. (VC)	✓			
GABBARD, Mike	✓			
GALUTERIA, Brickwood	✓			
IHARA, Jr., Les	✓			
SOLOMON, Malama	✓			
SLOM, Sam		✓		
<b>TOTAL</b>	6	1		
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <input checked="" type="checkbox"/> Adopted         <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature: <div style="font-size: 1.5em; font-family: cursive; margin-top: 10px;">  </div>				
<div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div><b>Distribution:</b></div> <div>Original</div> <div>Yellow</div> <div>Pink</div> <div>Goldenrod</div> </div> <div style="display: flex; justify-content: space-between; font-size: 0.8em; margin-top: 5px;"> <div>File with Committee Report</div> <div>Clerk's Office</div> <div>Drafting Agency</div> <div>Committee File Copy</div> </div>				

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