

STAND. COM. REP. NO. 12

Honolulu, Hawaii

February 6, 2015

RE: H.B. No. 1000

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 1000 entitled:

"A BILL FOR AN ACT RELATING TO FRANCHISES,"

begs leave to report as follows:

The purpose of this measure is to provide for efficient, cost effective, fair, and equitable resolution to franchise-related disputes by voiding any franchise provision that restricts jurisdiction or venue for the resolution of claims arising under or relating to a franchise or business dealings in Hawaii to a forum or venue outside of Hawaii.

The Chamber of Commerce of Hawaii and a concerned individual testified in support of this measure.

While Hawaii's franchise investment law regulates the sale of franchises in Hawaii and franchisors are required to be amenable to the jurisdiction of the courts of this State, franchise agreements may contain pre-dispute forum selection clauses that require the adjudication of disputes between a franchisor and franchisee in an out-of-state forum even if the dispute arises from actions conducted in Hawaii. This frequently causes both financial and procedural hardships since the conduct or property at issue, as well as the evidence, witnesses, and many necessary parties to the matter are located in Hawaii. Your Committee finds that requiring dispute resolution between a franchisor and franchisee to be conducted in Hawaii would be much more timely and

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cost effective to all parties involved and the adjudicatory system.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1000 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection & Commerce.

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



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DEREK S.K. KAWAKAMI, Chair



