

STAND. COM. REP. NO.

2535

Honolulu, Hawaii

MAR 01 2018

RE: S.B. No. 2770  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,  
to which was referred S.B. No. 2770 entitled:

"A BILL FOR AN ACT RELATING TO HEALTH CLUBS,"

begs leave to report as follows:

The purpose and intent of this measure is to require health clubs, beginning on January 1, 2019, to maintain a surety bond of at least \$100,000 to be paid to any member who suffers loss of money paid due to the insolvency or cessation of operation of a health club.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs. Your Committee received testimony in opposition to this measure from the International Health, Racquet & Sportsclub Association.

Your Committee finds that existing law provides few protections for consumers when a health club ceases operations or becomes insolvent. Your Committee also finds that according to testimony from the Department of Commerce and Consumer Affairs, there have been several recent health club closures in Hawaii. As a result of these closures, customers who paid for services had no recourse to recover membership dues and initiation fees that were paid in advance. This measure therefore establishes surety bond requirements for health clubs, with certain exceptions for health clubs that do not collect advance payment or fees, which will help

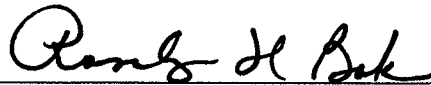


consumers recover any dues and fees that were paid in advance to a health club if that health club later becomes insolvent or goes out of business.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2770, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2770, S.D. 1, and be placed on the calendar for Third Reading.

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



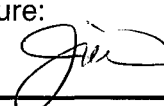
---

ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce, Consumer Protection, and Health**  
**CPH**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2770	CPH	2/14/18		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	—			
TOKUDA, Jill N. (VC)	—			
CHANG, Stanley	—			
ESPERO, Will				—
IHARA, Jr., Les				—
NISHIHARA, Clarence K.	—			
RUDERMAN, Russell E.	—			
<b>TOTAL</b>	5			2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

\*Only one measure per Record of Votes