

Honolulu, Hawaii  
, 2022

**FEB 18**  
RE: H.B. No. 1432  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1432 entitled:

"A BILL FOR AN ACT RELATING TO CONCESSIONS ON PUBLIC PROPERTY,"

begs leave to report as follows:

The purpose of this measure is to facilitate the provision of concession services to the public by:

- (1) Increasing the initial maximum term of concession contracts from fifteen years to twenty-five years;
- (2) Exempting concessions for beach or ocean-related recreational services from the sealed bid requirements, with certain conditions;
- (3) Authorizing the county directors of parks and recreation to designate which county parks under their respective jurisdictions are environmentally, culturally, historically, or operationally unique for purposes of determining whether a concession at the park is exempt from the sealed bid requirements; and
- (4) Expanding the exemption for concessions at county zoos, botanic gardens, or county parks designated by the



respective county director of parks and recreation, in the director's sole discretion, as environmentally, culturally, historically, or operationally unique; provided that the concessions are awarded to responsible offerors whose proposals are the most advantageous, rather than solely to certain nonprofit corporations.

Your Committee received testimony in support of this measure from the Department of Enterprise Services of the City and County of Honolulu. Your Committee received testimony in opposition to this measure from the Palekaiko Beachboys Club.

Your Committee finds that the existing fifteen-year maximum duration for concessions of public property makes it difficult for agencies to find concessionaires willing to invest in the necessary capital improvements to provide satisfactory concession services. It can be difficult for potential concessionaires to generate sufficient revenues to support operations while amortizing the concessions' construction and other costs over a fifteen-year period. Therefore, your Committee finds that it is in the public's best interest to provide flexibility and allow for a longer lease term; however, your Committee has concerns over what the appropriate extension should be at this time.

Your Committee has amended this measure by:

- (1) Leaving the number of years for the maximum concession term unspecified;
- (2) Changing the effective date to January 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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. 1432, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1432, H.D. 1, and be referred to your Committee on Finance.



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



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AARON LING JOHANSON, Chair



