

STAND. COM. REP. NO.

3904

Honolulu, Hawaii

APR 08 2022

RE: H.B. No. 1432  
H.D. 1  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committees on Judiciary and Ways and Means, to which was referred H.B. No. 1432, H.D. 1, S.D. 1, entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Increase the maximum term of a concession;
- (2) Exempt concessions for beach or ocean-related recreational services from sealed bid requirements, with certain conditions;
- (3) Provide that a county director of parks and recreation has sole discretion to designate which county parks 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) Expand the exemption for concessions at county zoos, botanic gardens, or county parks that are 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 Committees received testimony in opposition to this measure from the Palekaiko Beachboys Club. Your Committees received comments on this measure from the Maui Chamber of Commerce.

Your Committees find that concessions on public properties are granted by sealed top-dollar bids, with limited exceptions. In some instances, concessions may be exempt from bidding requirements because a person or entity offering the most money may not be the best suited or qualified to meet the government's goals to preserve public-owned assets such as parks, or may not be suited or qualified to serve the needs of the public. In addition, requiring concessionaires to bear construction costs pose challenges as concession contracts are valid for fifteen years, making some investors unwilling to make time or improvement efforts because of the short timeframe. To serve the public's interest in activities located on public properties, this measure exempts certain concessionaires operating on public properties from sealed-bidding requirements and extends terms of leases.

Your Committees have amended this measure by:

- (1) Specifying that the bidding requirements for concessions shall not apply to concessions or space on public property set aside for the operation of ground transportation services and parking lot operations at small boat harbors, in addition to airports, except for motor vehicle rental operations;
- (2) Inserting an effective date of July 30, 2075, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Judiciary and Ways and Means that are attached to this report, your Committees are in accord with the intent and



purpose of H.B. No. 1432, H.D. 1, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 1432, H.D. 1, S.D. 2.

Respectfully submitted on behalf of the members of the Committees on Judiciary and Ways and Means,

  
DONOVAN M. DELA CRUZ, Chair

  
KARL RHOADS, Chair





