

Honolulu, Hawaii

APR 02 2008

RE: H.B. No. 2559
H.D. 2
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and Affordable Housing, to which was referred H.B. No. 2559, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE UNIFORM UNCLAIMED PROPERTY ACT,"

begs leave to report as follows:

The purpose of this measure is to update the Uniform Unclaimed Property Act (Act) by enacting the 1995 version of the Act.

Your Committee received testimony in support of this measure from the State Commission to Promote Uniform Legislation. The Retail Merchants of Hawaii submitted comments and requested amendments.

This measure updates existing law, among other things, by:

- (1) Clarifying certain jurisdictional issues;
- (2) Clarifying what constitutes unclaimed property;
- (3) Placing restrictions on the "dormancy" charges that holders may impose;
- (4) Requiring the payment of interest on certain property items; and



- (5) Restricting the ability of third parties to charge service fees to "find" unclaimed property for clients.

Your Committee has amended the measure in the manner proposed by the Retail Merchants of Hawaii, by adding a new section -3.5 making gift certificates and gift cards exempt from the Act as long as they have no expiration dates or fees.

To assist smaller merchants who are more likely to have existing stocks of gift certificates or gift cards with expiration dates, this measure also exempts gift certificates and cards that have expiration dates or fees if:

- (1) The gift certificate or gift card is issued before January 1, 2010; and
- (2) The issuer adopts a policy to honor the gift certificate or gift card after the expiration date and eliminates any charges and fees.

Gift certificates and gift cards have become a popular item in the commercial marketplace, a certain percentage of which go unredeemed. Your Committee finds that these amendments are beneficial to:

- (1) Consumers by eliminating any deadlines by which gift certificates and gift cards must be used;
- (2) Issuers of gift certificates or gift cards who will not need to worry about maintaining records to turn over to the Administrator of the unclaimed property program (the Director of Finance); and
- (3) The unclaimed property program, which will be relieved of having to deal with large numbers of unredeemed and partially redeemed gift certificates and gift cards.

The measure was also amended to:

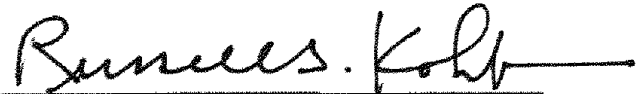
- (1) Make conforming amendments with respect to gift certificates and cards;



- (2) Clarify that the Administrator can use investment earnings to pay dividends and interest under section -12; and
- (3) Make other technical amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2559, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2559, H.D. 2, 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 Affordable
Housing,



RUSSELL S. KOKUBUN, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Commerce, Consumer Protection and Affordable Housing
CPH

Bill / Resolution No.:	Committee Referral:	Date:
HB 2559 HD2	CPH	3/27/08

The committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312 Pass, with amendments 2311 Hold 2310 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
KOKUBUN, Russell S. (C)	✓			
IGE, David Y. (VC)				✓
ESPERO, Will	✓			
IHARA, Jr., Les	✓			
SAKAMOTO, Norman	✓			
TANIGUCHI, BRIAN T.				✓
TRIMBLE, Gordon	✓			
TOTAL	5			2

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature: *Will Espero*

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*Only one measure per Record of Votes