

Honolulu, Hawaii

Feb 17, 2012

RE: H.B. No. 1829  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Economic Revitalization & Business, to which was referred H.B. No. 1829 entitled:

"A BILL FOR AN ACT RELATING TO LEASES,"

begs leave to report as follows:

The purpose of this measure is to promote fairness in the commercial and industrial rental market by requiring:

- (1) Lessors of commercial and industrial property to afford lessees the option of renewing their leases; and
- (2) In leasehold negotiations, that the rent charged shall be based on fair market value, even if the value is lower than the existing rent and the contract bars lowering the rent upon renegotiation.

Numerous concerned individuals provided testimony in support of this measure. The Department of the Attorney General; Department of Land and Natural Resources; Hawaii Housing Finance and Development Corporation of the Department of Business, Economic Development, and Tourism; Office of Hawaiian Affairs; City and County of Honolulu Department of Facility Maintenance; Land Use Research Foundation of Hawaii; Loyalty Development Company, Ltd.; Small Landowners Association; Queen Emma Land Company; Kamehameha Schools; and Reit Management & Research LLC opposed this measure.



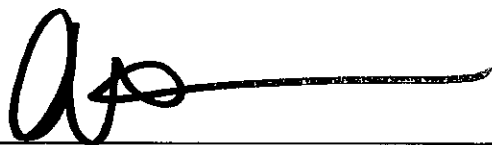
Your Committee has amended this measure by:

- (1) Deleting the requirement that forces the sale of property if the parties to a lease are unable to agree on terms of a lease renewal;
- (2) Clarifying that this measure only applies to nonresidential property;
- (3) Applying the provisions of this measure to subleases; and
- (4) Changing the effective date of to July 1, 2112, for the purpose of facilitating further discussion.

Your Committee respectfully requests that your Committee on Judiciary examines whether the purpose section of this measure should include references to case law from the Supreme Court of the United States or the State concerning public purposes so that this measure may pass constitutional muster.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1829, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1829, H.D. 1, and be referred to the Committee on Judiciary.

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



ANGUS L.K. MCKELVEY, Chair



State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

Record of Votes of the Committee on Economic Revitalization & Business

Bill/Resolution No.: <b>HB 1829</b>	Committee Referral: <b>ERB, JUD</b>	Date: <b>2/16/12</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
ERB Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	✓			
2. CHOY, Isaac W. (VC)	✓			
3. AWANA, Karen L.	✓			
4. BROWER, Tom	✓			
5. EVANS, Cindy	✓			
6. HASHEM, Mark J.	✓			
7. NISHIMOTO, Scott Y.	✓			
8. TOKIOKA, James Kunane	✓			
9. TSUJI, Clift	✓			
10. MARUMOTO, Barbara C.	✓			
11. PINE, Kymerly Marcos	✓			
TOTAL (11)	11	—	—	—
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				