STAND. COM. REP. NO. 2665

Honolulu, Hawaii

MAR - 3 2006

RE: S.B. No. 173 S.D. 2

Honorable Robert Bunda President of the Senate Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing, to which was referred S.B. No. 173, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONSUMER PROTECTION,"

begs leave to report as follows:

The purpose of this measure is to require the purchaser of a health club to assume all liabilities of the health club, including contractual liabilities.

Your Committee received testimony in support of this measure from four individuals. Comments were received from the Office of Consumer Protection.

This measure arises from the public concern that the purchaser of a health club is not obligated by law to assume the memberships of the seller of the health club. Your Committee finds that this practice is unfair and unconscionable. Health club contracts that existed at the time of the sale should be rightfully assumed by the new owner for the life of that contract, notwithstanding contract provisions to the contrary.

Your Committee notes that section 486N-8(a), Hawaii Revised Statutes, specifically prohibits lifetime health club contracts. Therefore, this measure need not address that situation.

Your Committee has amended this measure by:

- (1) Specifying that the purchaser shall assume all existing and prior contracts; and
- (2) Changing the effective date to July 1, 2050 to continue the discussions.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 173, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 173, S.D. 2, and be placed on the calendar for Third Reading.

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

ROW MENOR, Chair

The Senate Twenty-Third Legislature State of Hawaii

Record of Votes of the Committee on Commerce, Consumer Protection and Housing (Bills and Resolutions)

Measure:* Committee Referral: Date: 3/2/06				
The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to:				
The Recommendation is to:				
Pass, unamended Pass, with amendments (2312) (2311)		Hold Recommit (2310) (2313)		
Members	Ayes	Ayes(WR)	Nays	Excused
MENOR, Ron (C)			·	
BAKER, Rosalyn H. (VC)				
ESPERO, Will				
IGE, David Y.			·.	
SAKAMOTO, Norman HOGUE, Bob				
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TOTAL	5			/
Recommendation: Adopted Not Adopted				
Chair's or Designee's Signature: Kasalz H Bak				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

^{*}Do not list more than one measure per Record of Votes.