STAND. COM. REP. NO. 3670

Honolulu, Hawaii

APR 11 2006

RE: S.R. No. 71

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.R. No. 71 entitled:

"SENATE RESOLUTION REQUESTING A STUDY ON CREATING CONTRIBUTORY AFFORDABLE HOUSING SOLUTIONS THROUGH MANDATED STATE SPECIAL ASSESSMENTS AGAINST REAL PROPERTY AND IMPROVEMENTS THAT ACCRUE TO COMMERCIAL AND INDUSTRIAL LESSORS THROUGH THE EXERCISE OF FULL-TERM EXPIRATORY REVERSION CLAUSES IN GROUND LEASE CONTRACTS ENTERED INTO AFTER DECEMBER 31, 1963,"

begs leave to report as follows:

The purpose of this measure is to request a study by the University of Hawaii on creating contributory affordable housing solutions through mandated state special assessments against real property and improvements that accrue to commercial and industrial lessors through the exercise of full-term expiratory reversion clauses in ground lease contracts entered into after December 31, 1963.

Testimony in support of the measure was submitted by two individuals. The Land Use Research Foundation of Hawaii (LURF) testified in strong opposition.

Your Committee finds that although LURF has raised a serious constitutional question relating to impairment of contracts, the study requested by this resolution may help to settle, without litigation, a controversy between certain commercial and industrial lessors and lessees. The issue is whether any profits accruing to lessors from leasehold reversionary clauses would



justify a mandatory state special assessment, as proposed in the resolution.

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 concurs with the intent and purpose of S.R. No. 71 and recommends its adoption.

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

RON 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:* Comm	Committee Referral: Date: 4/10/06			
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 Hold Recommi (2312) (2311) (2310) (2313)				
Members	Ayes	Ayes(WR)	Nays	Excused
MENOR, Ron (C)				
BAKER, Rosalyn H. (VC)			#2.1	
ESPERO, Will				
IGE, David Y.				4
SAKAMOTO, Norman	1			
HOGUE, Bob				
TOTAL	4	_	_	2
Recommendation: Adopted Not Adopted				
Chair's or Designee's Signature:				
Distribution:U OriginalYellowPinkGoldenrodFile with Committee ReportClerk's OfficeDrafting AgencyCommittee File Copy				

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