

STAND. COM. REP. NO.

3384

Honolulu, Hawaii

APR 13 2012

RE: S.C.R. No. 90  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.C.R. No. 90 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING THE INSURANCE COMMISSIONER TO CREATE A WORKING GROUP TO STUDY WAYS TO INCREASE COMPETITION IN HAWAII'S HEALTH INSURANCE MARKET,"

begs leave to report as follows:

The purpose and intent of this measure is to request the Insurance Commissioner to form a working group to study ways to increase competition in Hawaii's health insurance market.

Prior to the hearing on this measure, your Committee made available for public review and comment, a proposed S.D. 1 of this measure. The proposed S.D. 1 deleted the contents of the measure and inserted language that requested the Legislative Reference Bureau to update their 2003 report analyzing the major problems still facing commercial and other land lessees.

Your Committee received testimony in support of the proposed S.D. 1 from the Citizens for Fair Evaluation; McCully Works, Inc.; Chika Nakano Repair Shop; Central Park Community Association, Halawa Valley; and twenty-five individuals. Your Committee received testimony in opposition to the proposed S.D. 1 from the Small Landowners Association. Your Committee received comments on the proposed S.D. 1 from the Legislative Reference Bureau.

Your Committee finds that issues surrounding leasehold tenure and its effect on commercial property in the State date back many



years. In 2003, the Legislative Reference Bureau was requested to study the major problems facing commercial lessees in the State. The Legislative Reference Bureau's report noted several general observations about commercial lessees in the State. The report also referenced constitutional concerns that had to be addressed before existing contractual obligations, such as lease agreements, could be amended. Your Committee understands that before the Legislature may pass legislation potentially altering existing lease agreements, certain criteria must be met, including whether the legislation was designed to promote a significant and legitimate public purpose. Your Committee notes that the Legislative Reference Bureau's report incorporated an economic analysis relating to commercial leases, but nearly ten years have passed since the report was submitted.

Your Committee further finds that a current economic analysis would be helpful to determine if there is a nexus between the existence of high lease rents in Hawaii and the stagnation of Hawaii's economy. If such a nexus is established, this could provide a basis for the Legislature to consider future legislation that may affect commercial leaseholds, while also promoting a significant and legitimate public purpose such as the State's sustained economic growth. Your Committee concludes that amendments to the proposed S.D. 1 of this measure are necessary to narrow its scope and clarify that only commercial leases will be analyzed.

Accordingly, your Committee has amended this measure by adopting the proposed S.D. 1 and further amending the measure by:

- (1) Clarifying that the Legislative Reference Bureau is requested to update their 2003 report analyzing the major problems faced by commercial lessees by incorporating an economic analysis to determine if there is a nexus between the existence of high lease rents in Hawaii and the stagnation of Hawaii's economy;
- (2) Clarifying that the Research and Economic Analysis Division of the Department of Business, Economic Development, and Tourism and the Economic Research Organization at the University of Hawaii at Manoa, rather than the Legislative Reference Bureau through consultation with the Governor's office, Attorney General, and others, are requested to conduct the economic analysis;



- (3) Requesting the Research and Economic Analysis Division of the Department of Business, Economic Development, and Tourism and the Economic Research Organization at the University of Hawaii at Manoa to transmit a draft report of the economic analysis, including any proposed legislation, to the Legislative Reference Bureau no later than November 1, 2012;
- (4) Clarifying that the Legislative Reference Bureau is requested to submit a final report of the economic analysis, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2013;
- (5) Amending the title and other findings for accuracy; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 90, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 90, S.D. 1.

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

  
ROSALYN H. BAKER, Chair



The Senate  
Twenty-Sixth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <b>SCR 90</b>	Committee Referral: <b>CPN</b>	Date: <b>4-12-12</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between;"> <span><input type="checkbox"/> Pass, unamended 2312</span> <span><input checked="" type="checkbox"/> Pass, with amendments 2311</span> <span><input type="checkbox"/> Hold 2310</span> <span><input type="checkbox"/> Recommit 2313</span> </div>				
<b>Members</b>	<b>Aye</b>	<b>Aye (WR)</b>	<b>Nay</b>	<b>Excused</b>
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
GALUTERIA, Brickwood				✓
GREEN, M.D., Josh	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
SLOM, Sam				✓
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> <div style="display: flex; justify-content: space-around; font-size: small;"> <span>Original File with Committee Report</span> <span>Yellow Clerk's Office</span> <span>Pink Drafting Agency</span> <span><input checked="" type="checkbox"/> Goldenrod Committee File Copy</span> </div>				

\*Only one measure per Record of Votes