STAND. COM. REP. NO. 3437

Honolulu, Hawaii

APR 04 2008 RE: H.B. No. 2040 S.D. 2

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

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2040, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HAWAII'S ECONOMY, "

begs leave to report as follows:

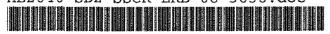
The purpose of this measure is to:

- (1) Mandate certain conditions applicable to certain commercial and industrial leases; and
- (2) Create a Department of Planning and Sustainability.

Specifically, part I of this measure mandates certain conditions applicable to certain commercial and industrial leases. Parts II to VI of the measure combine the Office of Planning, Commission on Water Resource Management, Energy Resources Coordinator responsibilities, Land Use Commission, Office of Environmental Quality Control, and Hawaii Community Development Authority into one new Department of Planning and Sustainability.

Your Committee received testimony in opposition to this measure from the Commission on Water Resource Management of the Department of Land and Natural Resources, the Chamber of Commerce of Hawaii, Kamehameha Schools, Kaneohe Ranch, and three individuals. The Department of Business, Economic Development, and Tourism, the Office of Planning within the Department of Business, Economic Development, and Tourism, and Queen Emma Land Company offered comments.

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Your Committee finds that a new Department of Planning and Sustainability is necessary to address issues regarding the longrange planning of the State and how planning affects Hawaii's economy, coordinate policies and actions relating to state planning and sustainability, and provide a comprehensive sustainability agenda for the State.

Upon further consideration, your Committee has amended this measure by:

- Inserting a restriction to clarify that, unless expressly stated to the contrary in a lease, leases of commercial or industrial leasehold property shall be subject to certain terms and conditions;
- (2) Deleting the requirement that periodic step-ups in lease rent over the term of the lease be determined, in part, on the financial feasibility of the rent increase in relation to the current use of the leasehold property;
- (3) Clarifying that the provision relating to renegotiation of lease rents applies to leases existing on July 1, 2008, and by further providing that if the lessee has subtenants with subleases that provide for recovery by the lessee of ground lease rent, those subtenants will be charged their pro-rata share of the fair and reasonable annual rent; and
- (4) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2040, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2040, S.D. 2.

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Respectfully submitted on behalf of the members of the Committee on Ways and Means,

ROSALYN H. BAKER, Chair



The Senate Twenty-Fourth Legislature State of Hawaii

Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:* #B204-0, SD1	Committee Referral: EDT/CPH, WAM			Date: 4/1/38	
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye Aye	(WR)	Nay	Excused
BAKER, Rosalyn H. (C)					
TSUTSUI, Shan S. (VC)		Z			
CHUN OAKLAND, Suzanne		-			
ENGLISH, J. Kalani		C			
FUKUNAGA, Carol					
HOOSER, Gary L.		/			
INOUYE, Lorraine R.					
KIM, Donna Mercado		<u> </u>			
MENOR, Ron					
TOKUDA, JIII N.					
HEMMINGS, Fred					
WHALEN, Paul			/		
TOTAL	1	, j		0	0
Recommendation:					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

*Only one measure per Record of Votes