

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.



Your Committee finds that a new Department of Planning and Sustainability is necessary to address issues regarding the long-range 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:

- (1) 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.



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

Rosalyn H. Baker

ROSALYN H. BAKER, Chair



