



EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE
GOVERNOR

July 9, 2008

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fourth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

Re: Senate Bill No. 3030 SD2 HD2 CD1

On July 8, 2008, Senate Bill No. 3030, entitled "A Bill for an Act Relating to Mixed Martial Arts" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

Regulation of mixed martial arts events was mandated in 2007 under Act 279, a bill I allowed to go into law without my signature. My Administration warned from the beginning that the proposed regulation was complex and would be expensive, particularly given the small size of the industry. We were particularly concerned that Act 279 did not provide for a necessary funding stream to cover start-up expenses for the program, but enacted an initial set of fees and assessments to help cover the costs after the regulatory program was in place on July 1, 2009.

Since Act 279 became law, the department has performed a detailed, conscientious review of the costs of regulating this industry. They have found that the fees and assessments provided for in the 2007 legislation would not be adequate to cover these projected costs. Their analysis found that the original fee structure would create a shortfall of \$190,000 over the first four years and an estimated \$347,500 over the subsequent four years of regulation.

The 2008 legislation now before me was initiated for the specific purpose of addressing the problems that arose in Act 279. The Department of Commerce and Consumer Affairs correctly recognized that fees would need to be adjusted significantly to recoup start-up costs, as well as cover operational expenses when the program begins next year. Regrettably, the fees and assessments will be high for an industry that it likely to stage only a half-dozen events in our state each year. Some have indicated that the fees would make it cost prohibitive for them to stage mixed martial arts events in this state.

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This legislation demonstrates the adverse impact that well-intended legislation can have on particular industries. I would urge members of the Legislature to re-examine the basis upon which they passed regulation of this industry in 2007 and I will ask my department to submit a proposal in 2009 to significantly revamp the regulatory framework for this industry such that adequate oversight can be done without stifling the ability of the industry to stage events in our state.

For the foregoing reasons, I allowed Senate Bill No. 3030 to become law as Act 238, effective July 8, 2008, without my signature.

Sincerely,

A handwritten signature in black ink, appearing to read 'L. Lingle', written in a cursive style.

LINDA LINGLE