

STAND. COM. REP. NO. 420

Honolulu, Hawaii

FEB 20 2009

RE: S.B. No. 1352  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Madam:

Your Committees on Commerce and Consumer Protection and Economic Development and Technology, to which was referred S.B. No. 1352 entitled:

"A BILL FOR AN ACT RELATING TO BUREAU OF CONVEYANCES,"

beg leave to report as follows:

The purpose of this measure is to ease the backlog in the recording and review process by removing time shares from Land Court registration and instituting electronic filing of time shares in the Bureau of Conveyances.

Your Committees received testimony in support of this measure from Hawaii Bankers Association, Hawaii Escrow Association, Hawaii Association of Realtors, American Resort Development Association, Marriot Vacation Club International, Inc., Hilton Grand Vacations, Wyndham Worldwide, PAHIO Development, Starwood Vacation Ownership, and one private citizen. Testimony in opposition to this measure was received from three private individuals and in the form of a petition signed by twenty-two individuals. Testimony with comments was received from the Department of Land and Natural Resources and Hawaii Government Employees Association. Written testimony presented to the Committees may be reviewed on the Legislature's website.

Your Committees find that, due to the nature of time share ownership, it is appropriate to exclude time shares from the Land Court system. The Land Court system was designed to process single, consecutive ownership interests and not multiple,

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simultaneous interests in a single parcel of land. Inclusion of time shares in Land Court burdens the system and is one cause of the current backlog. Your Committees are sympathetic to concerns that removing time shares will lead to a loss of revenue for Land Court; however, it is not in the best interest of the Land Court or the State to preserve an inefficient process merely for the sake of a minor revenue stream that can be recovered in the form of transaction fees or otherwise. It is the intent of your Committees that the Department of Land and Natural Resources review its fee structure to ensure that there is no loss of revenue to the Department.

Your Committees are also sympathetic to the concerns over the change to existing registration procedures voiced by employees of the Bureau of Conveyances. Your Committees are persuaded that modernization of the registration and recording process is essential to solve the problem of the current backlog and to prevent a similar situation in the future. Your Committees are confident that the employer-employee working group established by this measure to find solutions to implementation and revenue issues will alleviate these concerns.

Your Committees have amended this measure by:

- (1) Establishing an employer-employee working group in the Bureau of Conveyances to facilitate the resolution of issues involved in the change in Land Court procedure and to make recommendations regarding the recovery of lost revenue to the Land Court contained in this measure;
- (2) Empowering the Department of Land and Natural Resources to charge a \$5 transaction fee for each recording of the Bureau of Conveyances and of the Assistant Registrar of the Land Court from July 1, 2009 through June 30, 2011;
- (3) Raising the ceiling of the Bureau of Conveyances Special Fund by \$650,000 to support the purchase of hardware, system design, and staff training with the goal of implementing full electronic filing;
- (4) Deferring the effective date of section 2 of this measure to July 1, 2010;

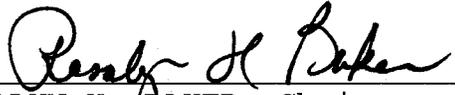


- (5) Deferring the effective date of the rest of the measure, with the exception of section 17 (which takes effect upon approval) to July 1, 2015, to provide for further discussion; and
- (6) Making technical, nonsubstantive changes to section one in order to accurately reflect the purpose of this Act.

As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Economic Development and Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1352, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1352, S.D. 1, and be referred to the Committee on Judiciary and Government Operations.

Respectfully submitted on behalf of the members of the Committees on Commerce and Consumer Protection and Economic Development and Technology,

  
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CAROL FUKUNAGA, Chair

  
\_\_\_\_\_  
ROSALYN H. BAKER, Chair





The Senate  
 Twenty-Fifth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Economic Development and Technology**  
**EDT**

Bill / Resolution No.:*	Committee Referral:	Date:
SB1352	CPN/EDT, JGD	2/18/09
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
Nay	Excused	
FUKUNAGA, Carol (C)	✓	
BAKER, Rosalyn H. (VC)	✓	
HEE, Clayton		✓
IGE, David Y.	✓	
SLOM, Sam		✓
<b>TOTAL</b>	<b>3</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Carol Fukunaga</div>		
Distribution:             Original             Yellow             Pink             Goldenrod File with Committee Report             Clerk's Office             Drafting Agency             Committee File Copy		

\*Only one measure per Record of Votes