

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 771

S.D. 1

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

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 771 entitled:

"A BILL FOR AN ACT RELATING TO APPRAISALS,"

begs leave to report as follows:

The purpose of this measure is to require a real estate appraiser who is acting as an arbitrator in a process to determine the fair market value of real estate to comply with the Uniform Standards of Professional Appraisal Practice.

Your Committee received testimony in support of this measure from Hawaii Council of Associations of Apartment Owners and two private citizens. Testimony in opposition to this measure was received from the Department of Commerce and Consumer Affairs and the Hawaii Chapter of the Appraisal Institute. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that under the current law, appraisers are required to adhere to the Uniform Standards of Professional Appraisal Practice in determining the value of real estate. Your Committee further finds that it is appropriate for an appraiser who is acting as an arbitrator to rely on the same standard to guide the appraiser's decision in an arbitration process. Your Committee encourages the next legislative body that considers this measure to investigate the benefits and drawbacks of requiring an appraiser acting as an arbitrator to comply with the Uniform



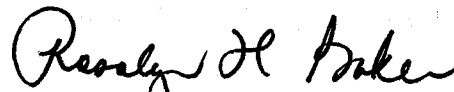
Standards of Professional Appraisal Practice in determining the amount of an arbitration award.

Your Committee has amended this measure by:

- (1) Clarifying the requirement that an appraiser acting as an arbitrator shall rely on the Uniform Standards of Professional Appraisal Practice to guide the appraiser's decision determining an arbitration award;
- (2) Adding a provision to require that an appraiser acting as an arbitrator include findings of fact, the rationale for the appraiser's decision, and information on the evidence upon which the award is based in the record of an award;
- (3) Deferring the effective date of this measure to encourage further discussion; and
- (4) Making technical, nonsubstantive changes to the language of this bill for the purpose of conformity with the existing law.

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 is in accord with the intent and purpose of S.B. No. 771, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 771, S.D. 1, and be placed on the calendar for Third Reading.

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



ROSALYN H. BAKER, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* <div style="text-align: center; font-size: 1.2em;">SB 771</div>	Committee Referral: <div style="text-align: center; font-size: 1.2em;">CPN</div>	Date: <div style="text-align: center; font-size: 1.2em;">3/3/2009</div>		
<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; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will	✓			
GREEN, M.D., Josh				✓
IHARA, Jr., Les	✓			
SAKAMOTO, Norman	✓			
HEMMINGS, Fred	✓			
TOTAL	6			1
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="text-align: center; font-size: 1.5em; margin-top: 10px;">David Y. Ige</div>				
Distribution: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="text-align: center;">Original File with Committee Report</div> <div style="text-align: center;">Yellow Clerk's Office</div> <div style="text-align: center;">Pink Drafting Agency</div> <div style="text-align: center;">Goldenrod Committee File Copy</div> </div>				

*Only one measure per Record of Votes