STAND. COM. REP. NO. 1234

Honolulu, Hawaii Merch 27, 2009 RE: S.B. No. 887 S.D. 1 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2009 State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and Judiciary, to which was referred S.B. No. 887, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ESCROW DEPOSITORIES,"

beg leave to report as follows:

The purpose of this bill is to update the Escrow Depositories Law, Chapter 449, Hawaii Revised Statutes, to:

- Clarify the types of escrow transactions covered by the law;
- (2) Update the law to address the significantly larger transactions routinely handled by the industry today;
- (3) Provide more flexibility in supervising and regulating the industry; and
- (4) Enhance consumer protections in escrow transactions.

The Department of Commerce and Consumer Affairs provided comments on this bill.

Your Committees find that the Escrow Depositories Law is outdated and this bill provides some necessary statutory amendments to reflect developments in the industry occurring over the decades of this law's existence. For example, the current



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minimum net capital requirement of \$50,000 for an escrow depository has not been changed since its enactment in 1973 and hence may no longer be a sufficient minimum level of capitalization given the increased size and number of escrow transactions that are routinely handled today. However, this bill also raises a wide range of issues and new requirements, some of which are objectionable to the industry. Accordingly, your Committees have amended this bill by changing the effective date to January 1, 2090, to facilitate further discussion.

Technical, nonsubstantive amendments were also made for purposes of drafting style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 887, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 887, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

> Respectfully submitted on behalf of the members of the Committees on Consumer Protection & Commerce and Judiciary,

JON RIKI KARAMATSU, Chair

ROBERT N. HERKES, Chair





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Record of Votes of the Committee on Consumer Protection & Commerce

The committee is reconsidering its previous decision		IN	2/16/00	7			
	on the measure.			/			
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit) 							
CPC Members	Ayes	Ayes (WR)	Nays	Excused			
I. HERKES, Robert N. (C)	\sim						
2. WAKAI, Glenn (VC)							
3. BELATTI, Della Au		energi engender Pa					
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6. ITO, Ken	\checkmark						
7. KARAMATSU, Jon Riki							
8. LUKE, Sylvia							
9. McKELVEY, Angus L.K.	/						
10. MIZUNO, John M.	\checkmark						
11. MORITA, Hermina M.	and the second second						
12. SOUKI, Joseph M.							
13. TSUJI, Clift							
14. MARUMOTO, Barbara C.							
15. THIELEN, Cynthia							
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The recommendation is: Adopted If joint referral,	Not Adopt committee acronym(did not supp	ort recommendation	1.			
Vice Chair's or designee's signature:	\sim						
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Record of Votes of the Committee on Judiciary

Bill/Resolution No.:	Committee Referral:			Date:				
SB 887, SD 1	CPC/JUD, FIN 3/16/09							
□ The committee is reconsidering its previous decision on the measure.								
The recommendation is to: D Pass, unamended (as is) Pass, with amendments (HD) D Hold								
Pass short form bill with HD to recommit for future public hearing (recommit)								
JUD Members		Ayes	Ayes (WR)	Nays	Excused			
1. KARAMATSU, Jon Riki (C)		V.	and sectors of					
2. ITO, Ken (VC)		V						
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11. OSHIRO, Blake K.								
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TOTAL (16)		11			5			
The recommendation is: X Adopted								
If joint referral, did not support recommendation.								
Vice Chair's or designee's signature:								
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO								