Honolulu, Hawaii

APR 1 0 2015

RE: H.B. No. 26
        H.D. 1
        S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Judiciary and Labor, to which was referred
H.B. No. 26, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE COMPENSATION OF TRUSTEES,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify the
method of calculating the compensation of trustees. Specifically,
this measure:

(1)   Clarifies that advanced written notice of any amendment
       of trustee bank and trust company fee schedules shall be
       provided to beneficiaries who are vested at the time of
       the notice;

(2)   Amends the method of calculating compensation for
       individual co-trustees;

(3)   Specifies that trustees shall be paid not more than once
       per quarter, rather than upon the trust's receipt of
       income; and

(4)   Repeals the cost of living adjustment of the asset value
       ranges upon which trustee annual compensation is
       calculated.

Your Committee received testimony in support of this measure from the Trust Services Group at Bank of Hawaii, Wealth Management LLC, and The Mark A. Robinson Trusts.

Your Committee finds that this measure provides for a more clearly defined implementation of Act 212, Session Laws of Hawaii 2014, codified under section 607-18, Hawaii Revised Statutes. Your Committee notes the concerns raised in testimony that this measure does not recognize that the responsibilities and liabilities are the same for corporate and individual trustees.

Accordingly, your Committee has amended this measure by:

(1) Adopting language suggested by the Trust Services Group at Bank of Hawaii that:

(A) Specifies that individuals who in the ordinary course of business serve as fiduciaries and banks and trust companies serving as trustees are entitled to reasonable compensation; and

(B) Entitles individuals who in the ordinary course of business serve as fiduciaries and banks and trust companies serving as trustees to reasonable compensation, which may be set forth in published fee schedules and exempts these individuals, banks, and trust companies from the compensation calculation methodology set forth in section 607-18(c), Hawaii Revised Statutes;

(2) Making conforming amendments to reflect the inclusion of individuals who in the ordinary course of business serve as fiduciaries;

(3) Inserting an effective date of January 7, 2059, to encourage further discussion; and

(4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 26, H.D. 1, as amended herein, and recommends that it pass

Second Reading in the form attached hereto as H.B. No. 26, H.D. 1,
S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
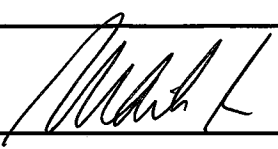Committee on Judiciary and
Labor,

_____
GILBERT S.C. KEITH-AGARAN, Chair

Record of Votes
Committee on Judiciary and Labor
JDL

Bill / Resolution No.:*	Committee Referral:	Date:
HB26 HD1	JDL	4/6/15

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to:_____

The Recommendation is:

☐ Pass, unamended   ☑ Pass, with amendments   ☐ Hold   ☐ Recommit
   2312   2311   2310   2313

Members	Aye	Aye (WR)	Nay	Excused
KEITH-AGARAN, Gilbert S.C. (C)	✔			
SHIMABUKURO, Maile S.L. (VC)	✔			
ESPERO, Will	✔			
GABBARD, Mike	✔			
IHARA, Jr., Les	✔			
THIELEN, Laura H.	✔			
SLOM, Sam	✔			
TOTAL	7			

Recommendation:

☑ Adopted   ☐ Not Adopted

Chair's or Designee's Signature: _____

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*Only <u>one</u> measure per Record of Votes