

Honolulu, Hawaii

FEB 14 2018

RE: S.B. No. 694
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Water and Land, to which was referred S.B.
No. 694 entitled:

"A BILL FOR AN ACT RELATING TO REAL PROPERTY TRANSACTIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require an oceanfront purchaser statement with the sale or transfer of oceanfront real estate;
- (2) Specify provisions that every purchaser or transferee of oceanfront property is required to acknowledge under the oceanfront purchaser statement; and
- (3) Require all oceanfront purchaser statements to be notarized and recorded in the Bureau of Conveyances.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources, Sierra Club of Hawai'i, and one individual. Your Committee received testimony in opposition to this measure from the Hawai'i Association of REALTORS.

Your Committee finds that oceanfront property is often vulnerable to hazards, such as coastal erosion and flooding from tsunamis, storms, and high waves. These hazards can be



exacerbated by sea level rise and human-caused interruptions to natural sand supply. Owners of oceanfront property are at risk of losing land when shorelines undergo landward retreat, which negatively impacts building setbacks, property values, and insurance availability. Furthermore, oceanfront property owners face stringent permit requirements imposed by the counties and State for shoreline protection. This measure enables oceanfront property purchasers and transferees to better understand the special hazards, permitting requirements, and limitations that may affect the oceanfront property by requiring an oceanfront purchaser statement with the sale or transfer of any oceanfront real estate.

Your Committee further finds that in December 2017, the Hawaii Climate Change Mitigation and Adaptation Commission accepted the Hawaii Sea Level Rise Vulnerability and Adaptation Report (SLR Report). The first recommendation of the SLR Report is to "[r]ecognize the SLR-XA (Sea Level Rise Vulnerability Area) as a statewide vulnerability zone." The SLR-XA demonstrates the extent of the potential exposure of land and structures to flooding and erosion with an increase of 0.5, 1.1, 2.0, and 3.2 feet of sea level rise throughout the State. Thus, your Committee believes that sea level rise is a concern for all real property owners, not only oceanfront property owners.

Accordingly, your Committee has amended this measure by:

- (1) Changing the name of the statements from oceanfront purchaser statements to sea level rise hazard exposure statements;
- (2) Applying the sea level rise hazard exposure statements to all sales or transfers of real property, not just the sale or transfer of oceanfront property;
- (3) Removing the provisions that every purchaser or transferee of oceanfront property is required to acknowledge under the exposure statement and inserting a requirement for an acknowledgement by the purchaser or transferee that the purchaser or transferee has looked at the appropriate sea level rise hazard exposure map and accepts risks of purchasing or accepting a transfer of property that is at risk of climate-related exposure;



- (4) Removing the requirement that all oceanfront purchaser statements be notarized and recorded in the Bureau of Conveyances;
- (5) Making conforming amendments to section 1 to reflect the amendments made by your Committee;
- (6) Changing the effective date to November 1, 2019, to allow additional time for implementation; and
- (7) 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 Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 694, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 694, S.D. 1, and be referred to your Committee on Commerce, Consumer Protection, and Health.

Respectfully submitted on
behalf of the members of the
Committee on Water and Land,



KARL RHOADS, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Water and Land
WTL

Bill / Resolution No.:* SB 694	Committee Referral: WTL, CPH	Date: 1/26/18		
<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
RHOADS, Karl (C)	X			
GABBARD, Mike (VC)				X
INOUE, Lorraine R.				X
RIVIERE, Gil	X			
THIELEN, Laura H.	X			
TOTAL	3	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<div style="display: flex; justify-content: space-between; font-size: small;"> <div>Distribution: Original</div> <div>Yellow</div> <div>Pink</div> <div>Goldenrod</div> </div> <div style="display: flex; justify-content: space-between; font-size: x-small;"> <div>File with Committee Report</div> <div>Clerk's Office</div> <div>Drafting Agency</div> <div>Committee File Copy</div> </div>				

*Only one measure per Record of Votes