STAND. COM. REP. NO. 33

Honolulu, Hawaii

FEB 2 8 2020

RE: S.B. No. 3110

S.D. 1

Honorable Ronald D. Kouchi President of the Senate Thirtieth State Legislature Regular Session of 2020 State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 3110, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROPERTY,"

begs leave to report as follows:

The purpose and intent of this measure is to prohibit nonresident aliens and businesses and trusts that are significantly controlled by nonresident aliens from acquiring certain residential property in the State, except as otherwise provided by law, and to provide for reversion or escheat of any property acquired in violation of the provisions in this measure.

Your Committee received testimony in support of this measure from three individuals. Your Committee received testimony in opposition to this measure from the Hawai'i Association of REALTORS®.

Your Committee finds that the high cost of purchasing property has put homeownership out of reach for many families in Hawaii. One factor contributing to the inflated costs of homes is speculation by nonresident alien developers and investors, which artificially increases competition in the market and drives prices beyond the resources of individuals and families who would like to purchase homes. This measure would prohibit nonresident aliens and businesses and trusts significantly controlled by nonresident aliens from acquiring certain residential property in the State,

except as otherwise provided by law, to create a more level playing field of home ownership.

Your Committee notes that attempts to regulate the purchase of residential property by nonresident aliens may have more than an incidental or indirect effect on the country of the nonresident alien, may be unconstitutionally discriminatory, and inconsistent with the foreign policies of the United States. Your Committee also notes that this measure applies only to residential properties constructed more than five years prior to the acquisition or purchase date, without a clear basis for this limitation. Your Committee believes that these concerns should be addressed as this measure proceeds.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3110, S.D. 1, and recommends that it pass Third Reading.

> Respectfully submitted on behalf of the members of the Committee on Judiciary,

KARL RHOADS, Chair

## The Senate Thirtieth Legislature State of Hawai'i

## Record of Votes Committee on Judiciary JDC

Bill / Resolution No.:*  SB 3((0 SD)	Committee Referral: WTL, JDC			Date: 2/25/2020	
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
RHOADS, Karl (C)					
KEOHOKALOLE, Jarrett (VC)					
GABBARD, Mike					
KIM, Donna Mercado					
FEVELLA, Kurt					
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TOTAL		4			
Recommendation:  Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution:         Original         Yellow         Pink         Goldenrod           File with Committee Report         Clerk's Office         Drafting Agency         Committee File Copy					

<sup>\*</sup>Only one measure per Record of Votes