

STAND. COM. REP. NO. 2299

Honolulu, Hawaii

FEB 13 2024

RE: S.B. No. 2227
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2227 entitled:

"A BILL FOR AN ACT RELATING TO EMERGENCY MANAGEMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the Governor to suspend the mortgage foreclosure provisions of chapter 667, Hawaii Revised Statutes (HRS), for any property having substantial damage resulting from a disaster for which a state of emergency has been declared by the Governor.

Your Committee received testimony in support of this measure from Lahaina Strong; Democratic Party of Hawai'i; UNITE HERE Local 5; one member of the Honolulu City Council; two members of the Maui County Council; one member of the Kaua'i County Council; Hawaii Financial Services, LLC; and fifty-eight individuals.

Your Committee received comments on this measure from the Hawaii Bankers Association.

Your Committee finds that disasters, man-made or natural, can have devastating economic impacts on communities and financially-fragile families. Property owners are often faced with unprecedented financial challenges, such as the loss of employment or income or the need to rebuild or repair their property, while still being required to make payments on their mortgage. Your



Committee finds that pursuant to chapter 127A, HRS, certain emergency powers are conferred on the Governor to provide relief for disaster damages, losses, and suffering, and to protect the health, safety, and welfare of the people of Hawaii. However, your Committee also finds that the emergency management law does not currently provide the Governor with the express authority to suspend the mortgage foreclosure provisions of chapter 667, HRS. Therefore, this measure amends the emergency management law to allow the Governor to provide much-needed foreclosure protections for a period of up to thirty-six months for property owners that are impacted by an emergency event or disaster.

Notwithstanding, your Committee notes the concerns expressed by the Hawaii Bankers Association that suspending mortgage foreclosures for up to thirty-six months could negatively impact a bank's overall stability and elevate risk, which in turn would tighten credit markets and hurt consumers who need access to capital after an emergency. Your Committee finds that this issue raises concerns that merit further discussion and respectfully requests that subsequent Committees to which this measure is referred consider this issue.

Therefore, your Committee has amended this measure by:

- (1) Changing the proposed maximum mortgage foreclosure suspension period from thirty-six months to an unspecified time period;
- (2) Inserting an effective date of July 1, 2040, to encourage further discussion; and
- (3) 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 Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2227, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2227, S.D. 1, and be referred to your Committee on Judiciary.



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



JARRETT KEOHOKALOLE, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2227	CPN, JDC	1/31/24		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"				✓
AWA, Brenton	✓			
TOTAL	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Carol Fukunaga</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes