

STAND. COM. REP. NO. 2639

Honolulu, Hawaii

FEB 16 2024

RE: S.B. No. 2617

S.D. 1

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

Sir:

Your Committees on Commerce and Consumer Protection and  
Transportation and Culture and the Arts, to which was referred  
S.B. No. 2617 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Prohibit foreign principals from acquiring real property in the State or any interest in real property in the State, except a de minimus indirect interest;
- (2) Require a foreign principal that owns real property that was acquired before this measure's effective date to register the ownership with the Department of the Attorney General;
- (3) Require a buyer of real property to provide a signed affidavit attesting that the buyer is not a foreign principal;
- (4) Authorize the forfeiture of real property or an interest in real property that is owned or acquired unlawfully;
- (5) Establish criminal penalties for violations; and



(6) Make an appropriation.

Your Committees received testimony in support of this measure from Ho'omana Pono, LLC; Ho'ākeolapono Trades Academy and Institute; Ultimate Burger; Hawaii Federation of Republican Women; Palolo Tenant Association; Hawaii Family Advocacy Group; Cannabis Society of Hawai'i; Hālau Kū Māna; Hui o Kuapa; and more than two thousand one hundred individuals.

Your Committees received testimony in opposition to this measure from the Department of the Attorney General; NAIOP Hawaii; Hawaii First Realty LLC; Hawai'i Association of REALTORS; Biotechnology Innovation Organization; Maukele Ranch LLC; and fifteen individuals.

Your Committees received comments on this measure from the Division of Financial Institutions of the Department of Commerce and Consumer Affairs, Department of Land and Natural Resources, Hawaii Credit Union League, Building Owners and Managers Association of Hawai'i, and eighteen individuals.

Your Committees find that homeownership helps build strong and stable communities, which is critical to local economies. However, due to the lack of affordable options, your Committees find that the State is in a housing crisis, and that competition from affluent foreign principals has denied many Hawaii residents from realizing the benefits of homeownership. Therefore, this measure, in its current form, would prohibit foreign principals from acquiring real property in the State or any interest in real property in the State, except a de minimus indirect interest.

Notwithstanding, your Committees acknowledge the concerns raised by testifiers that the legally and socially complicated framework proposed in this measure deserves further consideration and study. Therefore, amendments to this measure are necessary to address these concerns.

Accordingly, your Committees have amended this measure by:

- (1) Deleting its contents and inserting language to direct the Legislative Reference Bureau to conduct a study and report on the forty-one other states that have enacted laws limiting the sale of property to foreign



individuals or entities, and how those laws and related constitutional precedents could inform demand-side regulations for the real estate market in Hawaii in favor of resident ownership, specifically owner-occupied resident ownership;

- (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 records of votes of the members of your Committees on Commerce and Consumer Protection and Transportation and Culture and the Arts that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2617, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2617, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary.

Respectfully submitted on  
behalf of the members of the  
Committees on Commerce and  
Consumer Protection and  
Transportation and Culture and  
the Arts



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CHRIS LEE, Chair



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JARRETT KEOHOKALOOLE, 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:		
SB2617	CPN/TCA, WAM/JDC	2/9/24		
<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	✓			
<b>TOTAL</b>	4			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Carol Fukunaga</i>				
Distribution:				
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\*Only one measure per Record of Votes

The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Transportation and Culture and the Arts**  
**TCA**

Bill / Resolution No.:	Committee Referral:	Date:
SB 2617	CPN / TCA, WAM / JDC	2-13-2024

The Committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:  
 Pass, unamended 2312   
 Pass, with amendments 2311   
 Hold 2310   
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
LEE, Chris (C)	✓			
INOUYE, Lorraine R. (VC)	✓			
ELEFANTE, Brandon J.C.	✓			
KANUHA, Dru Mamo	✓			
AWA, Brenton				✓
<b>TOTAL</b>	<b>4</b>			<b>1</b>

Recommendation:  Adopted     Not Adopted

Chair's or Designee's Signature:  


Distribution:    Original    Yellow    Pink    Goldenrod  
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