

STAND. COM. REP. NO.

975

Honolulu, Hawaii

MAR 02 2007

RE: S.B. No. 1398
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Judiciary and Labor, to which was referred
S.B. No. 1398 entitled:

"A BILL FOR AN ACT RELATING TO ESCROW DEPOSITORIES,"

begs leave to report as follows:

The purpose of this measure is to update and amend chapter
449, Hawaii Revised Statutes, governing escrow depositories.

Your Committee received testimony in support of this measure
from the Department of Commerce and Consumer Affairs. Hawaii
Escrow & Title, Inc., Integrity Escrow & Title, and Security Title
Corporation opposed this measure. The Escrow Association of
Hawaii and Guardian Escrow Services, Inc. offered comments. Title
Guaranty Escrow Services provided comments and proposed an
alternate draft.

Your Committee was informed that the Escrow Association of
Hawaii and the Commissioner of Financial Institutions have been
working together to develop comprehensive revisions to the Escrow
Depository statute, and that further revisions may be proposed as
this measure proceeds through the legislative process. Based on
testimony presented, your Committee finds it prudent to increase
the minimum net capital requirement for an escrow depository, set
at \$50,000 in 1973, in light of the value of current real estate
escrow transactions in Hawaii. An increase to \$500,000, however,
would disproportionately burden smaller escrow companies.
Moreover, it appears that an increase in errors and omissions
insurance could enhance consumer protection.

SB1398 SD1 SSCR JDL.doc

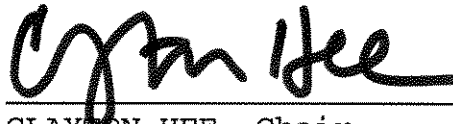


Accordingly, your Committee has amended this measure by:

- (1) Increasing the \$50,000 tangible net worth or bond requirement in section 449-5.5, Hawaii Revised Statutes, to \$100,000, instead of \$500,000;
- (2) Amending section 449-12, Hawaii Revised Statutes, by increasing the \$100,000 errors and omissions insurance requirement to \$750,000; and
- (3) Changing the effective date to July 1, 2059, to encourage further discussion.

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 S.B. No. 1398, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1398, S.D. 1.

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

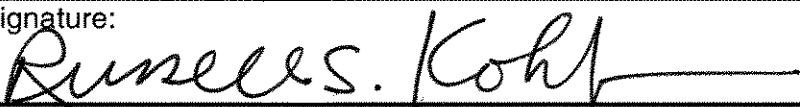


CLAYTON HEE, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Judiciary and Labor
JDL

Bill / Resolution No.:* SB 1398	Committee Referral: CPH, JDL	Date: 2/28/07								
<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						
HEE, Clayton (C)	/									
KOKUBUN, Russell S. (VC)	/									
INOUE, Lorraine R.	/									
NISHIHARA, Clarence K.				/						
GABBARD, Mike	/									
TOTAL	4			1						
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted										
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">  </div>										
Distribution: <table style="width:100%; border:none;"> <tr> <td style="width:33%;">Original</td> <td style="width:33%;">Yellow</td> <td style="width:33%;">Pink</td> </tr> <tr> <td>File with Committee Report</td> <td>Clerk's Office</td> <td>Drafting Agency</td> </tr> </table>					Original	Yellow	Pink	File with Committee Report	Clerk's Office	Drafting Agency
Original	Yellow	Pink								
File with Committee Report	Clerk's Office	Drafting Agency								

*Only one measure per Record of Votes