

STAND. COM. REP. NO. 1234

Honolulu, Hawaii

March 27, 2009

RE: S.B. No. 887
S.D. 1
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and
Judiciary, to which was referred S.B. No. 887, S.D. 1, entitled:

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

beg leave to report as follows:

The purpose of this bill is to update the Escrow Depositories
Law, Chapter 449, Hawaii Revised Statutes, to:

- (1) Clarify the types of escrow transactions covered by the
law;
- (2) Update the law to address the significantly larger
transactions routinely handled by the industry today;
- (3) Provide more flexibility in supervising and regulating
the industry; and
- (4) Enhance consumer protections in escrow transactions.

The Department of Commerce and Consumer Affairs provided
comments on this bill.

Your Committees find that the Escrow Depositories Law is
outdated and this bill provides some necessary statutory
amendments to reflect developments in the industry occurring over
the decades of this law's existence. For example, the current

SB887 HD1 HSCR CPC-JUD HMS 2009-3074



minimum net capital requirement of \$50,000 for an escrow depository has not been changed since its enactment in 1973 and hence may no longer be a sufficient minimum level of capitalization given the increased size and number of escrow transactions that are routinely handled today. However, this bill also raises a wide range of issues and new requirements, some of which are objectionable to the industry. Accordingly, your Committees have amended this bill by changing the effective date to January 1, 2090, to facilitate further discussion.

Technical, nonsubstantive amendments were also made for purposes of drafting style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 887, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 887, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Consumer
Protection & Commerce and
Judiciary,



JON RIKI KARAMATSU, Chair



ROBERT N. HERKES, Chair



