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## HOUSE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR, PURSUANT TO SECTION 26H-6, HAWAII  
REVISED STATUTES, TO CONDUCT AN ANALYSIS OF THE PRACTICE OF  
EXCHANGE ACCOMMODATION IN HAWAII.

1           WHEREAS, section 1031 of the Internal Revenue Code, as  
2 amended, allows the tax deferred exchange of real property held  
3 for productive or investment purposes; and

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5           WHEREAS, these transactions may require the transfer of  
6 considerable sums of money that cannot be held by the  
7 transacting parties, lest they lose their tax deferred status;  
8 and

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10          WHEREAS, in order to address this problem, exchange  
11 accommodators provide a temporary receptacle for transferred  
12 funds required for the exchange of property; and

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14          WHEREAS, recent news reports highlight the problem of  
15 exchange accommodators absconding with millions of dollars of  
16 their clients' funds; and

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18          WHEREAS, exchange accommodators are not regulated in  
19 Hawaii; and

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21          WHEREAS, section 26H-6, Hawaii Revised Statutes, requires  
22 that any new regulatory measure being considered for enactment  
23 that subjects an unregulated profession or vocation to licensing  
24 or other regulatory controls be referred to the Auditor for  
25 analysis; and

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27          WHEREAS, also pursuant to section 26H-6, Hawaii Revised  
28 Statutes, the Auditor is to conduct the analysis with specific  
29 regard to H.B. No.     , relating to exchange accommodation; now,  
30 therefore,

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1 BE IT RESOLVED by the House of Representatives of the  
2 Twenty-fifth Legislature of the State of Hawaii, Regular Session  
3 of 2010, the Senate concurring, that pursuant to section 26H-6,  
4 Hawaii Revised Statutes, the Auditor is requested to conduct an  
5 analysis of the profession of exchange accommodation in Hawaii;  
6 and  
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8 BE IT FURTHER RESOLVED that the analysis set forth the  
9 probable effects of the proposed regulatory measure and assess  
10 whether its enactment is consistent with the policies set forth  
11 in section 26H-6, Hawaii Revised Statutes; and  
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13 BE IT FURTHER RESOLVED that the analysis also assess  
14 alternative forms of regulation; and  
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16 BE IT FURTHER RESOLVED that a certified copy of this  
17 Concurrent Resolution be transmitted to the Auditor.  
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OFFERED BY: *Gerrine Snow*  
*James I...*  
*ALAN D. SAMPSON II*  
JAN 19 2010

