
HOUSE 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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32 BE IT RESOLVED by the House of Representatives of the
33 Twenty-fifth Legislature of the State of Hawaii, Regular Session
34 of 2010, that pursuant to section 26H-6, Hawaii Revised



1 Statutes, the Auditor is requested to conduct an analysis of the
2 profession of exchange accommodation in Hawaii; and

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4 BE IT FURTHER RESOLVED that the analysis set forth the
5 probable effects of the proposed regulatory measure and assess
6 whether its enactment is consistent with the policies set forth
7 in section 26H-6, Hawaii Revised Statutes; and

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9 BE IT FURTHER RESOLVED that the analysis also assess
10 alternative forms of regulation; and

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12 BE IT FURTHER RESOLVED that a certified copy of this
13 Resolution be transmitted to the Auditor.

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OFFERED BY: *Neemana Duvite*

MAR 09 2010

