

STAND. COM. REP. NO.

495

Honolulu, Hawaii

MAR 03 2011

RE: S.B. No. 975
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 975 entitled:

"A BILL FOR AN ACT RELATING TO APPRAISALS,"

begs leave to report as follows:

The purpose and intent of this measure is to require a real estate appraiser to comply with the Uniform Standards of Professional Appraisal Practice when acting as an appraiser or arbitrator in an arbitration proceeding.

Your Committee received testimony in support of this measure from MK Real Estate Services, LLC; JN Group, Inc.; Sony Hawaii; Bacon Universal Company, Inc.; McCully Works; Kakilepo, LLC; Citizens for Fair Valuation; Central Park Community Association; Mutual Plumbing Supply; and six private citizens. Your Committee received testimony in opposition to this measure from the Department of Commerce and Consumer Affairs; the Department of Land and Natural Resources; and the Hawaii Chapter of the Appraisal Institute.

Your Committee finds that licensed real estate appraisers often serve as arbitrators in proceedings to determine the fair market value, fair market rental value, or fair and reasonable rent of real estate. Your Committee also finds that real estate appraisers often provide appraisal services in connection with arbitration proceedings to determine the fair market value, fair market rental value, or fair and reasonable rent of real estate. Whether acting in the capacity of arbitrator or appraiser in these

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proceedings, licensed real estate appraisers use their professional skills and substantive knowledge to make judgments on the value of real estate. Therefore, your Committee finds that appraisers should adhere to the same professional ethical standards regardless of the capacity in which they act.

Your Committee notes that this measure is similar to Senate Bill No. 771, S.D. 1, H.D. 1, passed in the 2010 Regular Session and vetoed by the former Governor. Finally, your Committee finds that the small business protections contained in Senate Bill No. 771, S.D. 1, H.D. 1, (2010) and this measure remain as critical today as they were the first time the Legislature considered them.

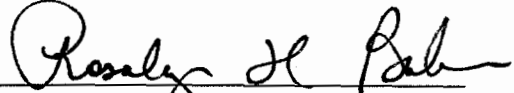
Your Committee has amended this measure by:

- (1) Adding a new section to chapter 466K, Hawaii Revised Statutes, to define the terms "arbitrator" and "uniform standards of professional appraisal practice";
- (2) Adding a new section to chapter 466K, Hawaii Revised Statutes, to specify that real estate appraisers acting as arbitrators shall be subject to the Uniform Standards of Professional Appraisal Practice; and
- (3) Amending section 466K-4, Hawaii Revised Statutes, to specify that appraisers who perform appraisals in connection with arbitration proceedings shall be subject to the Uniform Standards of Professional Appraisal Practice.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 975, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 975, S.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 975	Committee Referral: CPN	Date: 2-28-11		
<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
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
GALUTERIA, Brickwood	✓			
GREEN, M.D., Josh	✓			
NISHIHARA, Clarence K.				✓
SOLOMON, Malama				✓
SLOM, Sam	✓			
TOTAL	5	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes