

Honolulu, Hawaii

February 15, 2013

RE: H.B. No. 1150
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1150 entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTS,"

begs leave to report as follows:

The purpose of this measure is to exempt certain agreements from the requirements of section 523A-25, Hawaii Revised Statutes, regarding agreements to locate property presumed abandoned. More specifically, this measure exempts an owner's agreement with an attorney to file a claim for identified property or to contest the denial of a claim for the property.

Testimony in support of this measure was submitted by the Collection Law Section of the Hawaii State Bar Association.

Act 229, Session Laws of Hawaii 2012, limited compensation for the recovery of property presumed abandoned to ten per cent of the total value of the property. However, your Committee finds that the majority of property escheated to the Department of Finance is valued at less than \$5,000, whereas the cost to hire an attorney for even the simplest recovery action will almost always be more than ten per cent of the total value of the property.

Accordingly, your Committee finds that the ten per cent limit on compensation for recovery severely restricts the public's ability to hire an attorney to assist in the recovery of their property. Exempting agreements with attorneys from the



compensation limit would provide the public with more options for the recovery of that property.

Your Committee has amended this measure by amending the effective date to July 1, 2112, to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1150, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1150, H.D. 1, and be referred to the Committee on Finance.

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



ANGUS L.K. MCKELVEY, Chair



