

STAND. COM. REP. NO.

1126

Honolulu, Hawaii

March 22, 2013

RE: S.B. No. 1258  
S.D. 1  
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 S.B. No. 1258, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO REAL ESTATE APPRAISERS,"

begs leave to report as follows:

The purpose of this measure is to increase transparency in the real estate appraisal process for arbitration awards that determine the market value or market rent of real property.

Specifically, this measure requires real estate appraisers who are acting as arbitrators to record all arbitration awards with the Bureau of Conveyances, along with any separately issued records of the award and any related supplementary, dissenting, or explanatory opinions, within ninety days of the determination of the award and notification to the parties of the determination.

Citizens for Fair Valuation; Grace Pacific Corporation; Mutual Plumbing Supply Co., Inc.; JN Group, Inc., United Truck Rental; and several concerned individuals testified in support of this measure. The Land Use Research Foundation of Hawaii testified in opposition to this measure.

Your Committee finds that section 466K-6, Hawaii Revised Statutes, requires the record of an award in an arbitration proceeding to determine the market value or market rent of real property to include the real estate appraiser's basis for the

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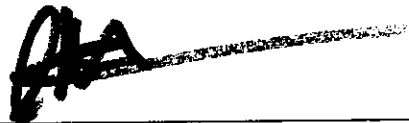
award and certification of compliance with national standards for appraisals. However, there are concerns that these requirements are being negated by confidentiality agreements that real estate appraisers may impose upon the parties in arbitration proceedings. This measure seeks to ensure public access to the data and analysis supporting arbitration awards by requiring this information to be recorded at the Bureau of Conveyances, to assist lessees and others in making informed decisions regarding the value of real property and rental rates for that property.

Your Committee further notes the concerns that this measure, by requiring the details and processes for real estate appraisal arbitration awards to be made public, would preclude confidentiality terms that may be genuinely agreed to by the parties to arbitration, without imposition by the real estate appraiser. Your Committee finds that this concern, along with other issues, merits further consideration.

Accordingly, your Committee has amended this measure by changing the effective date to January 1, 2112, to encourage 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 S.B. No. 1258, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1258, S.D. 1, 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,



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ANGUS L.K. MCKELVEY, Chair



