

Honolulu, Hawaii  
February 13, 2014

RE: S.B. No. 1249  
S.D. 2  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 1249, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE COMPENSATION OF TRUSTEES,"  
begs leave to report as follows:

The purpose of this measure, as received by your Committee, is to clarify existing state law relating to the compensation to which trustees are entitled.

For the purpose of public hearing on this bill, your Committee circulated a Proposed S.B. No. 1249, S.D. 2, H.D. 1 (Proposed Draft), and notified the public that it would be accepting testimony on the Proposed Draft, which:

- (1) Specifies that banks and trust companies serving as trustees shall be entitled to reasonable compensation, which may be set forth in the bank or trust companies' published fee schedule;
- (2) Requires advanced written notice of any amendment to a corporate trustee's fee schedule be provided to the settlor, or if the settlor is deceased, to all beneficiaries;



- (3) Provides for the division of inception fees in cases where there is more than one trustee;
- (4) Provides for cost-of-living increases to specified annual fees due a trustee in accordance with changes in the Consumer Price Index, using 2014 as the base year;
- (5) Clarifies that any adjusted amount that is not a multiple of \$10,000, should be rounded down to the next lowest multiple of \$10,000;
- (6) Specifies that this measure shall not infringe on an interested party's right to petition the court for review under Hawaii Trust Administration Laws in Article VII of Chapter 560, Hawaii Revised Statutes;
- (7) Changes the effective date to January 1, 2015; and
- (8) Makes technical, nonsubstantive amendments for clarity, consistency, and style.

Central Pacific Bank, Bank of Hawaii, First Hawaiian Bank, and several concerned individuals testified in support of this measure as received by your Committee. One concerned individual provided comments on this bill as received by your Committee.

Numerous concerned individuals testified in support of the Proposed Draft.

Upon consideration of the merits of S.B. No. 1249, S.D. 2, as received by your Committee, and the Proposed Draft, your Committee has amended this bill by incorporating the provisions of the Proposed Draft.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1249, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1249, S.D. 2, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary,

*Karl Rhoads*

---

KARL RHOADS, Chair



