

DAVID Y. IGE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Testimony of
SUZANNE D. CASE
Chairperson

Before the House Committee on
CONSUMER PROTECTION & COMMERCE

Monday, March 21, 2016
3:00 P.M.
State Capitol, Conference Room 325

In consideration of
SENATE BILL 2660, HOUSE DRAFT 1
RELATING TO BUREAU OF CONVEYANCES

Senate Bill 2660, House Draft 1 proposes to remove the sunset date of Act 119, Session Laws of Hawaii 2013, as amended, relating to the deregistration of fee non-time share interests thereby making permanent the voluntary deregistration process for fee non-time share interests. **The Department of Land and Natural Resources (Department) supports this measure.**

The Department notes that since the inception on July 1, 2011 of the ability for landowners to deregister heir land from land court, there have been nearly 200 voluntary deregistrations of land from Land Court.

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

KEKOA KALUHIWA
FIRST DEPUTY

JEFFREY T. PEARSON P.E.
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS



March 14, 2016

TO: COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
Representative Angus McKelvey, Chair
Representative Justin Woodson, Vice Chair

FR: Henry Perez, President – via Blake Oshiro, Executive Director
American Resort Development Association

RE: S.B. 2660, HD1 Relating to Bureau of Conveyances
Position: Support

Dear Chair McKelvey, Vice Chair Woodson and members,

The American Resort Development Association (ARDA) Hawaii, the local chapter of the national timeshare trade association, supports Senate Bill (SB) 2660, House Draft (HD) 1, which proposes to remove the December 30, 2016 sunset date of 2013's Act 119 and 2014's Act 47.

In 2007, a joint legislative investigative committee established pursuant to Senate Concurrent Resolution No. 226, identified serious shortcomings relating to the Bureau of Conveyances' operations recognizing that automation of certain functions in the Bureau of Conveyances may address one of the major underlying problems: work backlog.

Thus, in 2009, Act 120, Session Laws of Hawaii 2009, provided for the voluntary deregistration of land registered in the land court system and established a procedure to move these transactions to the regular system in the Bureau of Conveyances. Act 119, Session Laws of Hawaii 2013, separated the deregistration of time share interests from the voluntary deregistration of other lands and made the deregistration of time share interests mandatory and permanent. However, the December 31, 2014, repeal date for voluntary deregistration and transfer of fee non-time share interests remained in place. Act 47 Session Laws of Hawaii 2014 extended that sunset to December 31, 2016.

The purpose of this bill is remove the sunset on Act 47 and make that law permanent. ARDA supports this change as long as there is no change to the existing permanent law and provisions related to time share interests.

Thank you for the opportunity to submit testimony in support of SB 2660, HD1.

McCORRISTON MILLER MUKAI MACKINNON LLP

ATTORNEYS AT LAW

CHARLES E. PEAR, JR.
ATTORNEY AT LAW

DIRECT #S:
PHONE - (808) 223-1212
FAX - (808) 535-8029
E-MAIL - PEAR@M4LAW.COM

March 20, 2016

Rep. Angus L. K. McKelvey, Chair
Rep. Justin H. Woodson, Vice Chair
Members of the House Committee on
Consumer Protection & Commerce
Twenty-Eighth Legislature
Regular Session, 2016

Re: S.B. 2660, H. D. 1
Hearing on March 21, 2016, 3:00 p.m.
Conference Room 325

Dear Chair, Vice Chair and Members of the Committee:

My name is Charles Pear. I am appearing as legislative counsel for ARDA Hawaii.

ARDA Hawaii supports the bill.

Over the past 19 years, Chapter 501 has been revised to remove time share interests from the operation of the Land Court. This began with the adoption of Act 219, S.L.H. 1998, which provided that all conveyances of leasehold time share interests would be recorded in the regular system (Chapter 502, HRS). By 2012, the legislature had resolved to remove all fee simple time share interests from the Land Court as well.

Many time share projects consist of both time share units and commercial units. The voluntary deregistration provisions of Act 120, S.L.H. 2009, permit the withdrawal of an entire project, not just the time share units.

In the absence of such authority, the state will be faced with situations where part of a time share project is registered in the Land Court and part is not. Adoption of this legislation will allow time share developers to withdraw their entire project from the Land Court, both the commercial units and the time share units.

In addition, some residential or resort condominium developers may prefer to withdraw their projects from the Land Court, particularly in project involving both Land Court and regular

P. O. Box 2800 • Honolulu, Hawai'i 96803-2800
Five Waterfront Plaza, 4th Floor • 500 Ala Moana Boulevard • Honolulu, Hawai'i 96813
Telephone: (808) 529-7300 • Fax: (808) 524-8293 • E-mail: info@m4law.com

Chair, Vice Chair and Members,
House Committee on
Consumer Protection & Commerce
March 20, 2016
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system land. This can help avoid needless complexity in the legal documentation, while the rights of purchasers can be protected by the purchase of title insurance.

Thank you for your kind consideration of this legislation. I would be happy to take any questions if you think that I may be of any assistance.

Very truly yours,

McCORRISTON MILLER MUKAI MACKINNON LLP

Charles E. Pear, Jr.

CEP:kn