

STAND. COM. REP. NO.

3138

Honolulu, Hawaii

FEB 28 2020

RE: S.B. No. 3110
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 3110, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROPERTY,"

begs leave to report as follows:

The purpose and intent of this measure is to prohibit nonresident aliens and businesses and trusts that are significantly controlled by nonresident aliens from acquiring certain residential property in the State, except as otherwise provided by law, and to provide for reversion or escheat of any property acquired in violation of the provisions in this measure.

Your Committee received testimony in support of this measure from three individuals. Your Committee received testimony in opposition to this measure from the Hawai'i Association of REALTORS®.

Your Committee finds that the high cost of purchasing property has put homeownership out of reach for many families in Hawaii. One factor contributing to the inflated costs of homes is speculation by nonresident alien developers and investors, which artificially increases competition in the market and drives prices beyond the resources of individuals and families who would like to purchase homes. This measure would prohibit nonresident aliens and businesses and trusts significantly controlled by nonresident aliens from acquiring certain residential property in the State,



except as otherwise provided by law, to create a more level playing field of home ownership.

Your Committee notes that attempts to regulate the purchase of residential property by nonresident aliens may have more than an incidental or indirect effect on the country of the nonresident alien, may be unconstitutionally discriminatory, and inconsistent with the foreign policies of the United States. Your Committee also notes that this measure applies only to residential properties constructed more than five years prior to the acquisition or purchase date, without a clear basis for this limitation. Your Committee believes that these concerns should be addressed as this measure proceeds.

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. 3110, S.D. 1, and recommends that it pass Third Reading.

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



KARL RHOADS, Chair



