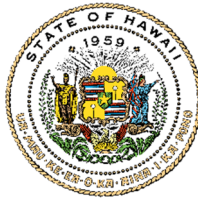


JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621
HONOLULU, HAWAII 96809

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
RYAN K.P. KANAKA'OLE
FIRST DEPUTY
DEAN D. UYENO
ACTING 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

Testimony of
DAWN N. S. CHANG
Chairperson

Before the House Committee on
FINANCE

Monday, February 26, 2024
3:30 PM
State Capitol, Conference Room 308

In consideration of
HOUSE BILL 2611, HOUSE DRAFT 2
RELATING TO ADMINISTRATIVE FEES

House Bill 2611, House Draft 2 proposes to statutorily establish a Department of Land and Natural Resources transaction fee for each recording in the Bureau of Conveyance (Bureau) and Office of the Assistant Registrar and authorizes the Board of Land and Natural Resources (BLNR) to adopt, amend, or repeal administrative fees, including transaction fees, for recording in the Bureau and the Office of the Assistant Registrar separate from the administrative rulemaking process. **The Department of Land and Natural Resources (Department) strongly supports this bill.**

Act 120, Hawaii Session Laws of 2009 (Act 120), intended to provide the necessary funding to correct serious shortcomings at the Bureau identified by the Joint Legislative Investigative Committee established under Senate Concurrent Resolution No. 226 (2007) in part by creating a \$5 transaction fee that was applied to all Regular System recordings. To date, as a result of Act 120, the Bureau has significantly improved the automation and integrity of the recording process, establishing web and digital access to parts of the Bureau's database and records, and created the portal and process for the electronic recording of documents. This bill provides for the \$5 fee to apply to the recordings in the Office of the Assistant Registrar (or Land Court) for equitable fee assessment in both recording systems and to fund continued improvements with efficiency, productivity and automation of the Bureau's operations by completing digitization of documents, improving the security and accessibility to the Bureau's records and maps and establishing a critical disaster recovery plan that can continue the Bureau's operation in times of an emergency.

This bill proposes to expand the authorized uses for these transaction fee funds to address many of the evolving issues that the Bureau faces, particularly with our ongoing workforce shortage.

Additionally, this bill proposes to clarify repeal on the earlier to occur of a designated sunset date or the date a transaction fee is established in the Bureau's administrative rules per section 21 of Act 120 and allowing the BLNR to adopt, amend or repeal these fees.

Mahalo for the opportunity to testify in strong support of this measure.



COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION

HAWAII CHAPTER

February 26, 2024

Representative Kyle Yamashita, Chair
Representative Lisa Ktiagawa, Vice Chair
Committee on Finance

RE: **HB 2611 HD 2 - Relating to Administrative Fees**
Hearing date: February 26, 2024 at 3:30 PM

Aloha Chair Yamashita, Vice Chair Ktiagawa, and members of the committee,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii providing **COMMENTS** on HB 2611 HD2. NAIOP Hawaii is the local chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders, and other professionals.

HB 2611 HD2 establishes a Department of Land and Natural Resources (DLNR) transaction fee for each recording in the Bureau of Conveyances (BOC) and Land Court. Further, the measure authorizes the Board of Land and Natural Resources (BLNR) to adopt, amend, or repeal administrative fees, including transaction fees, for recordings in the BOC and Land Court separate from the administrative rulemaking process.

NAIOP Hawaii is primarily concerned with the provision of the measure which would allow BLNR to change the fees outside of chapter 91, the administrative rule making process. This provision is concerning as a fee increase for \$5 to \$50 or \$500 could occur outside of the administrative process and at the discretion of the BLNR. It is unclear as to why the increasing of fees would need to be conducted outside of the normal administrative rules process. Accordingly, we recommend removal of the language exempting BLNR fee increases from chapter 91 on Page 5 of the measure.

NAIOP Hawaii is concerned with the establishment of additional fees for land court and BOC recording services. These fees may have a slight impact on real estate transactions throughout the state by increasing administrative costs for projects depending on the final pricing for the fees.

Thank you for the opportunity to present NAIOP Hawaii's concerns with HB 2611 HD2 including bypassing of Chapter 91 and cost increases for transactions at the BOC and Land Court. NAIOP appreciates the Legislature's commitment to collaborating on this issue and look forward to working together.

Mahalo for your consideration,

Reyn Tanaka, President
NAIOP Hawaii