

STAND. COM. REP. NO.

1103

Honolulu, Hawaii

MAR 19 , 2021

RE: S.B. No. 566
S.D. 1
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 566, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HOMESTEAD EXEMPTIONS,"

begs leave to report as follows:

The purpose of this measure is to increase the homestead exemption in bankruptcy proceedings for all persons to \$350,000 and require that the real property be the principal residence.

Your Committee received testimony in support of this measure from Maui Brewing Co.; Cain & Herren, ALC; Abelmann Peterson LLC; and three individuals. Your Committee received testimony in opposition to this measure from Hawai'i Bankers Association, Hawaii Credit Union League, and Hawaii Financial Services Association.

Your Committee finds that the amount of the homestead exemption in bankruptcy proceedings has not been adjusted since 1978; however, the coronavirus disease 2019 (COVID-19) pandemic has emphasized the need to raise the exemption as the percentage of those who are not current on their mortgage loans doubled from 2019 to 2020. Your Committee further finds that the exemption should be raised to more accurately reflect the effects of inflation, the economic impacts of the COVID-19 pandemic, and keep families in their homes. Your Committee notes, however, that any

2021-2572 SB566 HD1 HSCR HMSO



change should represent a balanced approach that carefully considers the various potential impacts for all affected parties.

Your Committee has amended this measure by:

- (1) Removing the provisions that would have increased the homestead exemption in bankruptcy proceedings;
- (2) Requiring the Legislative Reference Bureau to conduct a study to determine the appropriate amount of an increase to the homestead exemption;
- (3) Changing the effective date to December 1, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 566, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 566, S.D. 1, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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



NADINE K. NAKAMURA, Chair



