

Honolulu, Hawaii

FEB 28 2013

RE: S.B. No. 41  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 41 entitled:

"A BILL FOR AN ACT RELATING TO REAL ESTATE,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify the activities custodians or caretakers may engage in under chapter 467, Hawaii Revised Statutes.

Your Committee received testimony in support of this measure from the Hawaii Association of Vacation Rental Managers; Prince Properties, Inc.; Hawaiian Dream Properties; Abbey Vacation Rentals; Waikoloa Vacation Rental Management, Inc.; Condominium Rentals Hawaii; and one individual. Your Committee received testimony in opposition to this measure from the Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs; Real Estate Commission; Timberline Land Co. Hawaii, LLC; and thirty-three individuals. Your Committee received comments on this measure from the Hawai'i Association of REALTORS; Rental By Owner Awareness Association; Sunshine & Rainbows, LLC; and two individuals.

Your Committee finds that this measure is intended to clarify the activities custodians or caretakers may engage in under chapter 467, Hawaii Revised Statutes. However, your Committee has heard the concerns that this measure as drafted may be confusing and may be contradictory to the current licensing law requiring a real estate license to lease, rent, or manage property. To



address these issues, your Committee concludes this measure should be amended to clarify the role of a local contact for a transient accommodation pursuant to Act 326, Session Laws of Hawaii 2012 (Act 326). Act 326 requires operators of transient accommodations to provide a local contact whenever an operator is not located on the island where a transient accommodation is located.

Your Committee further finds that interested stakeholders have worked together to reach a consensus on the role of a local contact, including what a local contact can and cannot do. The consensus language clarifies that the role of a local contact is limited, and any services other than those allowed under Act 326 can constitute unlicensed real estate activity.

Your Committee additionally finds that the Regulated Industries Complaints Office is working on an informational handout in conjunction with the Department of Taxation that will be available to assist transient accommodation operators determine if they need to hire a real estate licensee. Your Committee is encouraged by the collaborative efforts of all interested stakeholders and concludes that the consensus language suggested by the stakeholders is an excellent provision that will assist owners of transient accommodations who are not located on the same island as their transient accommodation.

Accordingly, your Committee has amended this measure by:

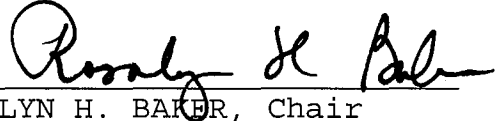
- (1) Deleting language that clarified the activities custodians or caretakers may engage in under chapter 467, Hawaii Revised Statutes;
- (2) Inserting language that clarifies the role of a local contact for operators of transient accommodations under Act 326, Session Laws of Hawaii 2012;
- (3) Amending the purpose section for clarity; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 41, as amended herein, and recommends that it



pass Second Reading in the form attached hereto as S.B. No. 41, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,




ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 41	CPN	2/26/13		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
GALUTERIA, Brickwood (VC)	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
TANIGUCHI, Brian T.	✓			
WAKAI, Glenn	✓			
SLOM, Sam				✓
<b>TOTAL</b>	<b>6</b>			<b>1</b>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

\*Only one measure per Record of Votes