

Honolulu, Hawaii

FEB 17 2016

RE: S.B. No. 2865

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,  
to which was referred S.B. No. 2865 entitled:

"A BILL FOR AN ACT RELATING TO THE REAL ESTATE EDUCATION  
FUND,"

begs leave to report as follows:

The purpose and intent of this measure is to remove statutory  
language that imposes a moratorium on the collection of real  
estate license renewal fees if the balance in the real estate  
education fund exceeds \$1,200,000 at the end of any fiscal  
biennium.

Your Committee received testimony in support of this measure  
from the Real Estate Commission.

Your Committee finds that the Real Estate Commission  
(Commission) has a statutory mandate to protect the general public  
in its real estate transactions. Toward this end, the real estate  
education fund was established in 1967 to sustain the Commission's  
operations and advance real estate education and research in the  
State. The Commission administers and expends monies in the real  
estate education fund to support comprehensive educational and  
research programs for the benefit of the public and those licensed  
under chapter 467, Hawaii Revised Statutes, relating to real  
estate brokers and salespersons.

Your Committee further finds that the vast majority of the  
Commission's real estate education fund operating budget is  
received at the beginning of the year following a license renewal

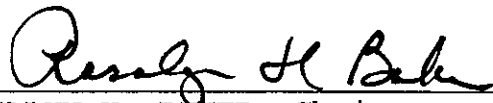


year. Renewal years occur every even-numbered year, and the renewal fees collected must sustain operations for two years, until the next license renewal cycle. If the statutory ceiling on the real estate education fund is reached and a moratorium is imposed, the real estate education fund operational budget must continue to fund programs for four years, rather than the typical two year period.

According to testimony from the Commission, although the Commission has over \$700,000 currently in the real estate education fund, the Commission projects the fund may hit its cap in 2018. After further discussion with the Commission, your Committee is persuaded that the Commission needs the flexibility and means to carry out its educational purposes without the statutory limitation attached to the real estate education fund. Failure to remove the statutory limitation now may prevent the Commission from being able to collect fees and fund programs in furtherance of its statutory mandate.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2865 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

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



ROSALYN H. BAKER, Chair



