

STAND. COM. REP. NO.

1313

Honolulu, Hawaii

March 24, 2017

RE: S.B. No. 394  
S.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 394, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to protect funds held in client trust accounts used by property management companies by:

- (1) Establishing criminal penalties for real estate brokers for the improper deposit, segregation, or disposition of client trust account funds;
- (2) Requiring a principal broker to report the client trust account number and name of the managing institution to the Real Estate Commission and notify the Commission of any change in account number or location within ten days; and
- (3) Authorizing the Real Estate Commission to take action in circuit court to enforce client trust account requirements.

The Real Estate Commission testified in support of this measure. The Hawaii Association of REALTORS testified in opposition to this measure. The Regulated Industries Complaints

SB394 SD1 HSCR CPC HMS 2017-3121



Office of the Department of Commerce and Consumer Affairs provided comments.

Your Committee notes that concerns were raised by the Hawaii Association of Realtors regarding the overly broad nature of the criminal penalties established by this measure and the possible redundancy with already established penalties for theft under the Hawaii Penal Code. However, these concerns are beyond the purview of your Committee on Consumer Protection and Commerce and your Committee respectfully requests the Committee on Judiciary to consider these concerns further should they decide to deliberate this measure further.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 394, S.D. 1, and recommends that it pass Second Reading and be referred to your Committee on Judiciary.

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



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ROY M. TAKUMI, Chair



