

Testimony of the Real Estate Commission

**Before the
House Committee on Intrastate Commerce
Tuesday, March 19, 2019
9:30 a.m.
State Capitol, Conference Room 430**

**On the following measure:
S.B. 770, S.D. 1, RELATING TO REAL ESTATE LICENSES**

Chair Ohno and Members of the Committee:

My name is Michael Pang, and I am the Chairperson of the Hawaii Real Estate Commission (Commission). The Commission strongly supports this bill and offers an amendment.

The purpose of this bill is to require a high school education or its equivalent as a condition for obtaining a license as a real estate broker or a real estate salesperson.

In 1977, the Legislature established the Hawaii Regulatory Licensing Reform Act (Act) under Hawaii Revised Statutes (HRS) chapter 26H. The major policy of the Act states, “the purpose of regulation **shall** be the protection of the public welfare and **not** that of the regulated profession or vocation” (emphasis added). The Legislature further recognized the necessity of creating additional protections for the public when it established the Commission. The Legislature defined the Commission’s purpose in HRS section 467-4 as “the protection of the general public in its real estate transactions.”

The Commission believes that requiring a high school education as a minimum qualification for licensure ensures that having an educated licensee population is one of the most important ways to protect consumers in their real estate transactions. However, requiring the Act to apply to newly licensed persons at their first renewal, as stated on page 4, lines 9 to 11 of this bill, may raise constitutional legal questions regarding a licensee’s property rights. Furthermore, S.D. 1 is contrary to the purpose stated in section 1 of the bill, which is to enact this requirement prior to licensure. To avoid any unintended consequences, the Commission prefers the original language of this measure and suggests the following amendment to page 4, lines 9 to 13: “This Act

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shall apply only to [~~renewal applicants seeking their first license renewal before December 31, 2020, and~~] new applicants who are applying for licensure as a real estate broker or salesperson for the first time on or after the effective date of this Act.”

Thank you for the opportunity to testify on this bill.

March 19, 2019

The Honorable Takashi Ohno, Chair
House Committee on Intrastate Commerce
State Capitol, Room 430
Honolulu, Hawaii 96813

RE: Senate Bill 770, SD1, Relating to Real Estate Licensees

HEARING: Tuesday, March 19, 2019, at 9:00 a.m.

Aloha Chair Ohno, Vice Chair Kobayashi, and Members of the Committee,

I am Ken Hiraki Government Affairs Director, testifying on behalf of the Hawai'i Association of REALTORS® (“HAR”), the voice of real estate in Hawai'i, and its over 9,500 members. HAR **supports** Senate Bill 770, SD1, which requires a high school education or its equivalent as a condition for obtaining a license as a real estate broker or real estate salesperson.

For over 100 years, the REALTOR® organization has been guided by the Code of Ethics. The Code ensures that consumers are best served by requiring REALTORS® to cooperate with each other while still furthering their fiduciary responsibilities owed to their clients.

Additionally, professional development and education has been one of the cornerstones of the REALTOR® organization. Some examples range from the creation of professional real estate designations to developing courses that educates REALTORS® on laws and rules the impact the complex and ever-changing real estate transaction.

Hawai'i REALTORS® has been committed to efforts that help raise the bar of professionalism in our industry. As such, requiring a high school education or its equivalent for new real estate brokers or salespersons may help to accomplish that goal.

Mahalo for the opportunity to testify.

SB-770-SD-1

Submitted on: 3/16/2019 8:22:29 PM

Testimony for IAC on 3/19/2019 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Bruce R. Faulkner	Individual	Support	No

Comments:

I **support SB 770** for the following reasons.

We are lagging in one of our most basic of educational requirements by not raising the bar to a standard that requires that new real estate licensees have a High School Diploma (HSD) or General Education Development (GED) equivalency to be licensed as a real estate agent in Hawaii.

Let's face it having a High School Diploma is only one basic litmus test that shows that the individual has some basic social skills. However, a high school education is an education standard that the public can identify with, unlike real estate Continuing Education (CE) requirements or real estate designations.

The fact is that one of the most important financial decisions in most people's lives is when they decide to purchase or sell real estate. With the high prices of real estate in Hawaii we need to raise the education bar for new licensees to help protect consumers and have this requirement as a minimal professional educational standard.

For the reasons above, I see this as a common-sense bill. I appreciate the opportunity to present written testimony in support of this bill on my own behalf.

I respectfully urge your support of this bill. Thank you for your time and support for this very important educational requirement which will help protect consumers in the future.

Aloha,

Bruce R. Faulkner (R), Broker, ePRO, GRI, SFR

License # RB-16836

Realtors® Association of Maui, President 2010

Realtors® Association of Maui, Realtor/Broker of the Year 2014

Hawaii State Real Estate Commissioner 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019

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SB-770-SD-1

Submitted on: 3/17/2019 3:50:54 AM

Testimony for IAC on 3/19/2019 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
DAVID DELEON	Individual	Support	No

Comments:

TESTIMONY

Submitted by David DeLeon

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Testimony in Support of Senate Bill 770

Before the House Intrastate Commerce Committee

March 19, 2019

Thank you for this opportunity to testify in support of SB 770. This bill has the simple goal of establishing a minimum general educational requirement of high school graduation or its equivalent before someone may obtain a license to sell real estate in Hawaii. During my tenure as the Government Affairs Director of the Realtors Association of Maui, setting a basic bar to demonstrate a level of educational and social development for all Realtors in Hawaii was a frequent goal of those in the industry seeking to step up the professionalism of Hawaii Realtors. That discussion was aimed squarely at the need to assure that the residents of Hawaii who rely on the services offered by licensed Realtors received the quality of service they deserve. The fact this proposal now has the full support of the State Real Estate Commission and the Hawaii Realtors Association shows the industry supports this proposal and speaks volumes about those who have worked tirelessly to promote this measure. Although no longer

associated with the industry, given the above I wish to lend my support as an individual for the proposal. Mahalo.