

Honolulu, Hawaii

, 2020

FEB 07

RE: H.B. No. 2315

H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Intrastate Commerce, to which was referred  
H.B. No. 2315 entitled:

"A BILL FOR AN ACT RELATING TO PROFESSIONAL AND VOCATIONAL  
LICENSING TRUST FUNDS,"

begs leave to report as follows:

The purpose of this measure is to grant the Contractors  
License Board and Real Estate Commission the statutory authority  
to adjust, reduce, suspend, or cease collection of fees for the  
recovery funds and education funds under their respective purviews  
without first needing to request fee reductions from the Governor.

Your Committee received testimony in support of this measure  
from the Department of Commerce and Consumer Affairs, Contractors  
License Board, Hawaii Real Estate Commission, Hawaii Chapter of  
the Community Associations Institute Legislative Action Committee,  
and Associa.

Your Committee finds that a "reasonable relation" between the  
fees generated and the cost of service rendered by the Contractors  
Recovery Fund, Real Estate Recovery Fund, and Condominium  
Education Trust Fund respectively requires consideration of  
historical expenditures. A "reasonable relation" is calculated as  
follows:



- (1) The balance of the Contractors Recovery Fund shall not exceed the sum of the fund's highest annual expenditure in the past ten years and its statutory floor, \$250,000. The fund's highest expenditure in the last ten years was \$170,893 in fiscal year 2012. Thus, a reasonable relation will have this fund not exceed \$420,893 in 2020;
- (2) The balance of the Contractors Education Trust Fund shall not exceed three times the fund's highest annual expenditure in the past four years. The fund's highest expenditure in the last four years was \$5,105 in fiscal year 2017. Thus a reasonable relation will have this fund not exceed \$15,315 in 2020;
- (3) The balance of the Real Estate Recovery Fund shall not exceed the sum of the fund's highest annual expenditure in the past ten years and its statutory floor, \$350,000. The fund's highest expenditure in the last ten years was \$131,799 in fiscal year 2011. Thus, a reasonable relation will have this fund not exceed \$481,799 in 2020;
- (4) The balance of the Real Estate Education Trust Fund shall not exceed the sum of the fund's highest annual expenditure in the past four years. The fund's highest expenditure in the past four years was \$626,636 in fiscal year 2019. Thus, a reasonable relation will have this fund not exceed \$1,879,908 in 2020; and
- (5) The balance of the Condominium Education Trust Fund shall not exceed three times the fund's highest annual expenditure in the past four years. The fund's highest expenditure in the last four years was \$715,954 in fiscal year 2019. Thus, a reasonable relation will have this fund not exceed \$2,147,862 in 2020.

Your Committee has amended this measure by:

- (1) Clarifying that the Real Estate Commission may make a finding that a fee adjustment is appropriate and adjust fees paid into the Real Estate Recovery Fund, Real Estate Education Fund, and Condominium Education Fund to maintain a reasonable relation between the fees



generated and the services provided by the applicable fund;

- (2) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (3) 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 Intrastate Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2315, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2315, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Intrastate  
Commerce,



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TAKASHI OHNO, Chair



