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**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Commerce, Consumer Protection, and Health
Friday, March 13, 2020
9:30 a.m.
State Capitol, Conference Room 229**

**On the following measure:
H.B. 2315, H.D. 3, RELATING TO PROFESSIONAL
AND VOCATIONAL LICENSING TRUST FUNDS**

Chair Baker and Members of the Committee:

My name is Charlene Tamanaha, and I am the Licensing Administrator of the Department of Commerce and Consumer Affairs' (Department) Professional and Vocational Licensing Division. The Department supports this administration bill, which provides the Contractors License Board (Board) and the Real Estate Commission (Commission) with important new authority to more effectively regulate trust fund balances, as well as remove language that would have triggered expensive protocols that would be challenging to implement.

The Department recognizes the importance of maintaining reasonable and appropriate recovery and education trust fund balances, and it appreciates that Act 29, Session Laws of Hawaii 2019 (S.B. 812, S.D. 1, H.D. 2) has a partial delayed implementation date that gave the Department time to confer with the Board and the Commission and to draft the language contained in this measure.

The Department concurs with H.D. 3's specification of criteria for the Board and Commission to consider when determining whether fee adjustments are appropriate, as it provides guidelines to maintain a reasonable relation between the fees generated and the cost of services rendered by the funds. However, the Department has concerns that H.D. 3 requires the Board or Commission to determine the fund balances biannually (twice a year), as the Board or Commission can adjust fees during the time of renewal, which occurs biennially (every two years). Accordingly, the Department respectfully requests replacing "biannual" with "biennial" on page 5, line 16; page 13, line 18; and page 15, line 4 of the bill.

Thank you for the opportunity to testify, and we respectfully ask the Committee to pass this administration bill with our proposed amendment.

Testimony of the Real Estate Commission

**Before the
Senate Committee on Commerce, Consumer Protection, and Health
Friday, March 13, 2020
9:30 a.m.
State Capitol, Conference Room 229**

**On the following measure:
H.B. 2315, H.D. 3, RELATING TO PROFESSIONAL
AND VOCATIONAL LICENSING TRUST FUNDS**

Chair Baker and Members of the Committee:

My name is Michael Pang, and I am the Chairperson of the Hawaii Real Estate Commission (Commission). The Commission supports this administration bill, which provides it with important new authority to more effectively regulate balances in the Real Estate Recovery Fund, the Real Estate Education Fund, and the Condominium Education Trust Fund, as well as remove language that would have triggered expensive protocols that would be challenging to implement.

The Commission appreciates how H.D. 3 provides the Commission with more discretionary authority in maintaining a reasonable relation between the funds generated and the cost of services rendered by the funds. However, the Commission has concerns that H.D. 3 requires the Commission to determine the fund balances biannually (twice a year), as the Commission can adjust fees during the time of renewal, which occurs biennially (every two years). Accordingly, the Board respectfully requests replacing “biannual” with “biennial” on page 13, line 18, and page 15, line 4 of the bill.

Thank you for the opportunity to testify, and we respectfully ask the Committee to pass this administration bill with our proposed amendment.

Testimony of the Contractors License Board

**Before the
Senate Committee on Commerce, Consumer Protection, and Health
Friday, March 13, 2020
9:30 a.m.
State Capitol, Conference Room 229**

**On the following measure:
H.B. 2315, H.D. 3, RELATING TO PROFESSIONAL
AND VOCATIONAL LICENSING TRUST FUNDS**

Chair Baker and Members of the Committee:

My name is Neal Arita, and I am the Legislative Committee Chairperson of the Contractors License Board (Board). The Board supports this administration bill, which provides it with important new authority to more effectively regulate balances in the Contractors Recovery Fund and Contractors Education Fund, as well as remove language that would have triggered expensive protocols that would be challenging to implement.

For the Committee's information, administration bill H.B. 2316, H.D. 1, increases the monetary amount an injured homeowner may recover from the Contractors Recovery Fund. The Board will be evaluating the increased recovery amount's effect on this fund. In addition, the Board will be using the Contractors Education Fund to fund public service announcements that bring consumer awareness to resources that are available to verify, among other things, contractor license status and complaints history. Further, the Board's Investigative Committee is exploring different options to equip consumers with knowledge to make sound decisions when hiring contractors; these projects will likewise be funded by the Contractors Education Fund. For these reasons, the bill repeals page 3, lines 1 to 9 and page 4, lines 5 to 14, to remove fund ceilings for the Contractors Recovery Fund and Contractors Education Fund.

The Board appreciates how H.D. 3 provides the Board with more discretionary authority in maintaining a reasonable relation between the funds generated and the cost of services rendered by the funds. However, the Board has concerns that H.D. 3 requires the Board to determine the fund balances biannually (twice a year), as the Board can adjust fees during the time of renewal, which occurs biennially (every two

years). Accordingly, the Board respectfully requests replacing “biannual” with “biennial” on page 5, line 16 of the bill.

Thank you for the opportunity to testify, and we respectfully ask the Committee to pass this administration bill with our proposed amendment.



March 9, 2020

VIA WEB TRANSMITTAL

Hearing Date: Friday, March 13, 2020

Time: 9:30 a.m.

Place: Conference Room 229

COMMITTEE ON COMMERCE, CONSUMER PROTECTION AND HEALTH
THE SENATE, THE THIRTIETH LEGISLATURE
REGULAR SESSION OF 2020

Re: Community Associations Institute's **Testimony in support of HB 2315**

Dear Chair Baker, Vice Chair Chang and Committee members:

I am a member of the Hawaii Chapter of the Community Associations Institute Legislative Action Committee ("CAI"). We represent the condominium and community association industry and submit this testimony in support of Sections 6, 7, and 8 of HB 2315, HD3.

Our support is based on the need to address the recent imbalance in the Condominium Education Trust Fund and to provide the Commission with the necessary flexibility to timely regulate the Fund to ensure that consumers are not over paying for the services the fees are meant to address.

Thank you for your time and consideration.

Sincerely yours,

/s/ R. Laree McGuire

R Laree McGuire

CAI LAC Hawaii

HB-2315-HD-3

Submitted on: 3/9/2020 5:22:50 PM

Testimony for CPH on 3/13/2020 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Emery	Testifying for Associa	Support	No

Comments:

The commission should be able to adjust fees based on its plan to use the funds for education. The fund has grown each year,