

**Testimony of the Contractors License Board**

**Before the  
Senate Committee on Ways and Means  
Tuesday, February 25, 2020  
12:40 p.m.  
State Capitol, Conference Room 211**

**On the following measure:  
S.B. 2871, S.D. 1, RELATING TO PROFESSIONAL  
AND VOCATIONAL LICENSING TRUST FUNDS**

**WRITTEN TESTIMONY ONLY**

Chair Dela Cruz 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.

The purpose of this bill is to allow the Contractors License Board and the Real Estate Commission to make findings and make adjustments of recovery fund and education fund fees when fund levels are adequate to carry out the statutory mandates for which the funds were created.

Section 4 of this bill pertains to the Contractors Recovery Fund and Contractors Education Fund. This section deletes the establishment of a ceiling for the Contractors Recovery Fund and Contractors Education Fund and the provision for a suspension or refund of fees if the ceiling is exceeded.

In lieu of the fund ceiling, section 4 authorizes the Board to make a finding that a fee adjustment is appropriate and to adjust the fees generated by renewals accordingly. This will enable the Board to regulate the fund balances of the Contractors Recovery Fund and Contractors Education Fund to appropriate levels and provide payments to injured homeowners and education for licensees, board members, and the consuming public.

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

**Testimony of the Real Estate Commission**

**Before the  
Senate Committee on Ways and Means  
Tuesday, February 25, 2020  
12:40 p.m.  
State Capitol, Conference Room 211**

**On the following measure:  
S.B. 2871, S.D. 1, RELATING TO PROFESSIONAL  
AND VOCATIONAL LICENSING TRUST FUNDS**

**WRITTEN TESTIMONY ONLY**

Chair Dela Cruz and Members of the Committee:

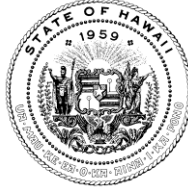
My name is Michael Pang, and I am the Chairperson of the Hawaii Real Estate Commission (Commission). The Commission supports this administration bill.

The purpose of this bill is to allow the Commission to adjust, reduce, suspend, or cease collection of recovery fund and education fund fees when fund levels are adequate to carry out the statutory mandates for which the funds were created.

Sections 1, 2, 3, and 4 pertain to the Real Estate Recovery Fund, its management, the Real Estate Education Fund, and the Condominium Education Trust Fund. These sections delete the establishment of a ceiling and the provision for a suspension or refund of fees if the ceiling is exceeded.

In lieu of the fund ceiling, sections 1, 2, and 3 authorize the Commission to make a finding that a fee adjustment is appropriate and to adjust the fees generated by renewals accordingly. This will enable the Commission to: regulate the fund balances of the Real Estate Recovery Fund, Real Estate Education Fund, and Condominium Education Trust Fund to appropriate levels; provide payments to injured persons for damages sustained by the fraud, misrepresentation, or deceit of a licensed real estate broker or real estate salesperson; and provide education for licensees, board members, developers, associations, unit owners, and the consuming public.

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



DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LIEUTENANT GOVERNOR

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

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CATHERINE P. AWAKUNI COLÓN  
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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Ways and Means  
Tuesday, February 25, 2020  
12:40 p.m.  
State Capitol, Conference Room 211**

**On the following measure:  
S.B. 2871, S.D. 1, RELATING TO PROFESSIONAL  
AND VOCATIONAL LICENSING TRUST FUNDS**

**WRITTEN TESTIMONY ONLY**

Chair Dela Cruz 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.

The purpose of this bill is to allow the Contractors License Board (Board) and the Real Estate Commission (Commission) to adjust, reduce, suspend, or cease collection of recovery fund and education fund fees when fund levels are adequate to carry out the statutory mandates for which the funds were created.

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 provided the Department with time to confer with the Board and the Commission and to draft the language contained in this measure.

Sections 1, 2, and 3 of this bill pertain to the Real Estate Recovery Fund, its management, the Real Estate Education Fund, and the Condominium Education Trust Fund. These sections delete the establishment of a ceiling and the provision for a suspension or refund of fees if the ceiling is exceeded.

In lieu of the fund ceiling, sections 2 and 3 authorize the Commission to make a finding that a fee adjustment is appropriate and to adjust the fees generated by renewals accordingly. This will enable the Commission to: regulate the fund balances of the Real Estate Recovery Fund, Real Estate Education Fund, and Condominium Education Trust Fund to appropriate levels; provide payments to injured persons for damages sustained by the fraud, misrepresentation, or deceit of a licensed real estate broker or real estate salesperson; and provide education for licensees, board members, developers, associations, unit owners, and the consuming public.

Section 4 of this bill pertains to the Contractors Recovery Fund and Contractors Education Fund. These sections delete the establishment of a ceiling for the Contractors Recovery Fund and Contractors Education Fund and the provision for a suspension or refund of fees if the ceiling is exceeded.

In lieu of the fund ceiling, section 4 authorizes the Board to make a finding that a fee adjustment is appropriate and to adjust the fees generated by renewals accordingly. This will enable the Board to regulate the fund balances of the Contractors Recovery Fund and Contractors Education Fund to appropriate levels and provide payments to injured homeowners and education for licensees, board members, and the consuming public.

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

**SB-2871-SD-1**

Submitted on: 2/22/2020 10:26:22 AM

Testimony for WAM on 2/25/2020 12:40:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Richard Emery	Testifying for Associa	Support	No

Comments:

If the resources of the Commission are not going to be used, it makes no sense to continue to collect the fees.



February 22, 2020

VIA WEB TRANSMITTAL

Hearing Date: Tuesday, February 25, 2020

Time: 12:40 p.m.

Place: Conference Room 211

Committee on Ways and Means  
The Senate, the 30th Legislature  
Regular Session of 2020

Re: Community Associations Institute's **Testimony in support of SB 2871**

Dear Chair Dela Cruz, Vice Chair Keith-Agaran 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 to SB 2871, SD 1.

Our support is based on the need to address the recent imbalance in the Condominium Education Trust Fund ("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.

Based on the foregoing, we respectfully submit that SB 2871 should be passed out of Committee. Thank you for your time and consideration.

Sincerely yours,

/s/ R. Laree McGuire

R Laree McGuire

CAI LAC Hawaii

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# GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

February 25, 2020

TO: HONORABLE SENATOR DONOVAN M. DELA CRUZ, CHAIR AND MEMBERS  
OF THE SENATE COMMITTEE ON WAYS AND MEANS

SUBJECT: TESTIMONY IN SUPPORT OF HB2871: RELATING TO PROFESSIONAL  
AND VOCATIONAL LICENSING TRUST FUNDS

Hearing

DATE: Tuesday, February 15, 2020  
TIME: 12:40 p.m.  
PLACE: Conference Room 211  
Hawaii State Capitol

Dear Chair Senator Donovan M. Dela Cruz and Members of the Committee:

The General Contractors Association of Hawaii (GCA) is an organization comprised of over five hundred general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. The mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest. To that end, we would like to express our support for SB2871.

SB2871 increases the monetary amount an injured homeowner may recover from the Contractors Recovery Fund. We are confident that the Contractors Licensing Board will be using any additional funds in 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. We are also confident that the Contractors Licensing Board will use these potential additional funds to explore different options to equip consumers with the information necessary to make sound decisions when hiring contractors.

For these reasons, we support efforts to repeal 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.

GCA supports SB2871. Thank you for the opportunity to share our support.