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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
House Committee on Intrastate Commerce  
Thursday, March 12, 2020  
9:30 a.m.  
State Capitol, Conference Room 430**

**On the following measure:  
S.B. 2871, S.D. 2, RELATING TO PROFESSIONAL  
AND VOCATIONAL LICENSING TRUST FUNDS**

Chair Ohno 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.

The Department notes that the House companion measure to this bill, H.B. 2315 H.D. 3, incorporates specific criteria to be used by the Board and Commission to evaluate whether a fee adjustment is appropriate. The Department does not oppose the inclusion of specific criteria that would be considered by the Board and Commission for fee adjustments that would be implemented at the time of initial licensure and/or biennial renewal.

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

**Testimony of the Contractors License Board**

**Before the  
House Committee on Intrastate Commerce  
Thursday, March 12, 2020  
9:30 a.m.  
State Capitol, Conference Room 430**

**On the following measure:  
S.B. 2871, S.D. 2, RELATING TO PROFESSIONAL  
AND VOCATIONAL LICENSING TRUST FUNDS**

Chair Ohno 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  
House Committee on Intrastate Commerce  
Thursday, March 12, 2020  
9:30 a.m.  
State Capitol, Conference Room 430**

**On the following measure:  
S.B. 2871, S.D. 2, RELATING TO PROFESSIONAL  
AND VOCATIONAL LICENSING TRUST FUNDS**

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 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 in its discretionary authority 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.



**LATE**

March 11, 2020

VIA WEB TRANSMITTAL

Hearing Date: Thursday, March 12, 2020

Time: 9:30 a.m.

Place: Conference Room 430

Committee on Intrastate Commerce  
House of Representatives,  
The Thirtieth Legislature  
Regular Session of 2020

Re: Community Associations Institute's **Testimony in support of SB 2871, SD2**

Chair Ohno, Vice Chair Kobayashi 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 his testimony is in support of SB 2871, SD 2.

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, SD2 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

**SB-2871-SD-2**

Submitted on: 3/9/2020 5:21:12 PM

Testimony for IAC on 3/12/2020 9:30:00 AM

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

Comments:

The commission should only collect money it will use and be authorized to adjust collection amounts as necessary. The fund balances have grown each year.