

STAND. COM. REP. NO. 2947

Honolulu, Hawaii

MAR 04 2022

RE: S.B. No. 2877
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 2877 entitled:

"A BILL FOR AN ACT RELATING TO THE RESIDENTIAL LANDLORD-TENANT CODE,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Allow a landlord or landlord's agent to charge an application screening fee at the time a rental application is processed for a residential property;
- (2) Cap the amount of an application screening fee at \$25 and prohibit fees to be charged for each member of a household;
- (3) Require the landlord or landlord's agent to provide a receipt for payment of the application screening fee and copy of any report obtained, if requested by the applicant, and within ten days of the applicant's request; and
- (4) Require the landlord or landlord's agent to return any unauthorized fee amounts to the applicant.



Your Committee received testimony in support of this measure from the Governor's Coordinator on Homelessness; Department of Commerce and Consumer Affairs; Department of Human Services; Partners in Care, Oahu's Continuum of Care; Catholic Charities Hawai'i; HOPE Services Hawai'i; and two individuals. Your Committee received testimony in opposition to this measure from the Hawaii Association of REALTORS and one individual.

Your Committee finds that application screening fees may be a significant barrier to housing for low-income residents, including elderly persons and individuals and families who are homeless or on the brink of homelessness. Excessive application fees are particularly egregious in those circumstances when a landlord or the landlord's agent receives numerous applications for one apartment, most of which are not seriously considered. Rather, the landlord or the landlord's agent takes advantage of their bargaining position to create a supplemental source of income merely by screening potential tenants. This measure sets a limit on the amount that could be charged to a prospective tenant, while still enabling landlords to be compensated for the expense associated with credit checks.

Your Committee has amended this measure by specifying that the landlord or the landlord's agent shall return to the applicant any amount of the application screening fee that is not used for the purposes authorized within thirty days after the landlord has submitted screening requests.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2877, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2877, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,



KARL RHOADS, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2877	CPN, JDC	03-01-22		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
RHOADS, Karl (C)	✓			_____
KEOHOKALOLE, Jarrett (VC)	✓			
ACASIO, Laura	✓			
GABBARD, Mike	✓			
KIM, Donna Mercado	✓			
LEE, Chris	✓			
FEVELLA, Kurt		✓		
TOTAL	6	1	-	-
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: Karl Rhoads				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes