Honolulu, Hawaii

FEB 1 4 2022

RE: S.B. No. 2877

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

Sir:

Your Committee on Commerce and Consumer Protection, 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 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 Department of Commerce and Consumer Affairs, Governor's

Coordinator on Homelessness, Partners in Care Oahu, Catholic Charities Hawai'i, and Hawai'i Health & Harm Reduction Center. Your Committee received testimony in opposition to this measure from the Hawai'i Association of REALTORS.

Your Committee finds that existing law does not specifically regulate the nature and amount of application fees that landlords may charge to prospective tenants. Often, the application fees do not correlate with the costs of background and credit checks.

Many complaints received from prospective tenants have alleged that they are asked to pay \$100 for an application screening that actually costs \$10 to \$25, or are not refunded the amounts paid if no screening was actually conducted or their application was not processed or considered. In light of Hawaii's tight housing market, this measure is necessary to help reduce abusive practices and eliminate barriers to accessing rental housing.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2877 and recommends that it pass Second Reading and be referred to your Committee on Judiciary.

Respectfully submitted on behalf of the members of the Committee on Commerce and Consumer Protection,

ROSALYN H. BAKER, Chair

The Senate Thirty-First Legislature State of Hawai'i

Record of Votes Committee on Commerce and Consumer Protection CPN

Bill / Resolution No.:*	Committee Referral:			Date:			
SB 2877	CPM, JDC			2-2-2022			
The Committee is reconsidering its previous decision on this measure.							
If so, then the previous decision was to:							
The Recommendation is:							
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313							
Members		Aye	Aye (W	'R)	Nay	Excused	
BAKER, Rosalyn H. (C)							
CHANG, Stanley (VC)		/					
DECOITE, Lynn		/					
NISHIHARA, Clarence K.		/					
RIVIERE, Gil							
SAN BUENAVENTURA, Joy A	٦.						
FEVELLA, Kurt							
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TOTAL		6	1		***		
Recommendation:							
Adopted				Not Adopted			
Chair's or Designee's Signature: Clarence & Schihere							
Distribution: Original File with Committee Re	Yo Port Clerk	Pink Drafting Age	* *				

*Only one measure per Record of Votes