

STAND. COM. REP. NO. 395-24

Honolulu, Hawaii

FEB 14 , 2024

RE: H.B. No. 2213  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2213 entitled:

"A BILL FOR AN ACT RELATING TO THE CONTRACTOR REPAIR ACT,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Expand the required contents of a notice of claim of construction defect served on a contractor;
- (2) Require the claimant to provide actual evidence of the nature and cause of the construction defect and extent of necessary repairs along with the notice of claim;
- (3) Amend the process and time frame for a claimant to accept a contractor's offer to settle or inspect and authorize the contractor to proceed with repairs; and
- (4) Limit the amount a claimant can recover if the claimant unreasonably rejects a contractor's proposal to inspect or an offer to remedy.

Your Committee received testimony in support of this measure from Raynor Overhead Doors and Gates Inc.; Stanford Carr Development, LLC; KY International, Inc.; Hawaiiana Management

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Company, Ltd.; Paradigm Construction LLC; Hawaii Regional Council of Carpenters; Housing Hawai'i's Future; Pacific Source; Jayar Construction, Inc.; Maryl Group Construction, Inc.; M2K Construction, LLC; Hawai'i Association of REALTORS; HPM Building Supply; Gray, Hong, Nojima & Associates, Inc.; REEF Development of Hawaii, Inc.; Foundation Building Materials; Ali'i Glass & Metal, Inc.; GEOLABS, INC.; Tru-Door Hawaii, Inc.; Hawaii Laborers-Employers Cooperation and Education Trust; Royal Contracting Co Ltd; General Contractors Association of Hawaii; American Property Casualty Insurance Association; Foundations Hawaii Inc.; Cultured Marble; R. M. Towill Corporation; Keeaumoku Development; R.M. Nakamura Plumbing and Mechanical Contractors, Inc.; Operating Engineers Local Union No. 3; Newport Pacific Cabinets; Fred Lau Hawaiian Landscape Co., Inc.; TNH Plumbing, Inc.; D.R. Horton Hawaii LLC; Castle & Cooke Homes Hawaii, Inc.; Hawai'i HomeOwnership Center; Building Industry Association of Hawaii; Commercial Sheetmetal Co., Inc.; Gentry Homes, Ltd.; Aon Risk Services, Inc. of Hawaii; Pacific Resource Partnership; Jade Painting, Inc.; Kapolei Chamber of Commerce; Z Contractors, Inc.; and numerous individuals. Your Committee received testimony in opposition to this measure from the Contractors License Board; Hawaii First Realty LLC; Berding Weil LLP; Kasdan Turner Thompson Booth, LLLC; and one individual.

Your Committee finds that the lack of affordable housing in Hawaii has led to a crisis of increasing homelessness and migration to the continental United States. Your Committee further finds the rising costs of insurance for developers and improvers of real property have contributed to the increased cost of housing and are a direct result of litigation for construction defects. This measure will deter broad and frivolous claims by requiring evidence of the defect and limiting recovery if an offer is unreasonably rejected.

Your Committee has amended this measure by:

- (1) Permitting, rather than requiring, a claimant to accept an offer to settle a claim for a construction defect;
- (2) Specifying that a claimant may deny an offer to settle a claim for a construction defect;
- (3) Changing the effective date to July 1, 3000, to encourage further discussion; and



- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2213, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2213, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.

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

  
MARK M. NAKASHIMA, Chair



