

February 26, 2025

**The Honorable Karl Rhoads, Chair**

Senate Committee on Judiciary

State Capitol, Conference Room 016 & Videoconference

**RE: Senate Bill 1662, SD1, Relating to the Residential Landlord-Tenant Code**

**HEARING: Wednesday, February 26, 2025, at 9:40 a.m.**

Aloha Chair Rhoads, Vice Chair Gabbard, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 10,000 members. HAR provides **comments** on Senate Bill 1662, SD1, which prohibits a landlord or the landlord's agent from charging an application fee for a criminal background check or credit report if an applicant provides a certified copy of a criminal background check or credit report. Prohibits a landlord or the landlord's agent from charging an application fee if a comprehensive reusable tenant screening report is available. Requires a landlord or the landlord's agent to provide, upon request, a certified copy of an applicant's criminal background check or credit report. Effective 7/1/2050.

The tenant screening process typically begins when the prospective tenant completes a rental application. Property managers manually review information and can rely on a tenant screening company to help produce tenant screening reports to assist with the screening process. The screening process is not limited to just credit reports and criminal background checks. The entire screening process can also include reviewing eviction history, verifying employment, verifying personal references, and other records to properly vet tenants. Property managers are not just concerned about the ability for an applicant to pay rent, but also what kind of tenant the applicant will make.

Under this measure, it would require a landlord or property manager to provide, upon request, a certified copy of an applicant's criminal background check or credit report. It is important to highlight that these screening reports are typically designated as confidential. The Fair Credit Reporting Act<sup>1</sup> strictly governs how the credit information/report is provided, stored, used, with whom it is shared, and how it is retained.

Additionally, HAR would note that it is very easy to edit a PDF, so a property manager may be reluctant to accept a criminal background check or credit report from

<sup>1</sup> Federal Trade Commission. (May 2023). *Fair Credit Reporting Act*. [www.ftc.gov/legal-library/browse/statutes/fair-credit-reporting-act](http://www.ftc.gov/legal-library/browse/statutes/fair-credit-reporting-act)



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an applicant. It may not be possible for property managers to be able to verify that documentation has not been tampered with, leading property managers to decline these types of applications. This entire process would delay the application process, which is ultimately detrimental to tenants who are seeking housing.

Mahalo for the opportunity to provide testimony on this measure.

