

STAND. COM. REP. NO. **2751**

Honolulu, Hawaii

FEB 29 2024

RE: S.B. No. 2126
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2126 entitled:

"A BILL FOR AN ACT RELATING TO SECURITY DEPOSITS,"

begs leave to report as follows:

The purpose and intent of this measure is to require a landlord to accept either rental security insurance or security deposit installment payments in lieu of a traditional security deposit, upon a tenant's request.

Your Committee received testimony in support of this measure from ten individuals.

Your Committee received testimony in opposition to this measure from two individuals.

Your Committee received comments on this measure from the Hawai'i Association of REALTORS and American Property Casualty Insurance Association.

Your Committee finds that security deposits generally are a one-time, refundable payment made by a tenant before moving into a property that acts as financial insurance against potential damages, unpaid rent, or cleaning fees upon termination of the tenancy. Despite the justifiable need for security deposits, the availability to provide additional funds up front can be a major



hurdle for many low-income renters. Your Committee further finds that new alternatives to traditional security deposits can provide much needed assistance and flexibility to low-income renters, while still providing landlords with a sufficient measure of protection and financial assurance. This measure will therefore help alleviate the financial burden of security deposits to empower tenants and foster a more inclusive housing market.

Your Committee has amended this measure by:

- (1) Deleting language that would have required a landlord to accept the option of payment of a security deposit over a series of not less than six equal monthly installments upon a tenant's request;
- (2) Inserting language requiring a landlord to accept a surety bond in an amount equal to the total security deposit upon a tenant's request; and
- (3) Inserting an effective date of July 1, 2040, to encourage further discussion.

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. 2126, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2126, S.D. 1, and be placed on the calendar for Third Reading.

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



JARRETT KEOHOKALOLE, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB2126	Committee Referral: CPN	Date: 2/20/24		
<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
KEOHOKALOLE, Jarrett (C)	✓			✓
FUKUNAGA, Carol (VC)	✓			✓
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"	✓			
AWA, Brenton			✓	✗
TOTAL	3		1	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes