

STAND. COM. REP. NO.

220

Honolulu, Hawaii

FEB 06 , 2025

RE: H.B. No. 420
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Housing, to which was referred H.B. No. 420
entitled:

"A BILL FOR AN ACT RELATING TO REMEDIES,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Clarify the statute of repose to make it clear that it applies to contract, tort, and statutory claims, fraudulent concealment is not a defense with respect to the repose period, and require a violation of a building code to be material to be actionable;
- (2) Clarify the required contents of a notice of claim of construction defect served on a contractor;
- (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;
- (4) Limit the amount a claimant can recover if the claimant rejects a contractor's reasonable proposal for inspection or a reasonable offer to remedy; and

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- (5) Clarify the consequences of rejecting an offer of settlement.

Your Committee received testimony in support of this measure from Pacific Resource Partnership; General Contractors Association of Hawaii; Ali'i Glass & Metal, Inc.; Hawaii Laborers & Employers Cooperation and Education Trust; Hawaii Regional Council of Carpenters; Hawai'i Association of REALTORS; Housing Hawai'i's Future; R. M. Towill Corporation; Mutual Housing Association of Hawai'i, Inc.; Paradigm Construction LLC; Hawai'i YIMBY; Holomua Collaborative; Gentry Homes, Ltd.; D.R. Horton Hawaii; Kasdan Turner Thomson Booth, LLC; Kapolei Chamber of Commerce; Operating Engineers Local 3; Raynor Hawaii Overhead Doors and Gates Inc.; Case Lombardi, A Law Corporation; KY International, Inc.; Damon Key Leong Kupchak Hastert A Law Corporation; Island Flooring; Z Contractors, Inc.; A-Plus Seamless Raingutters, Inc.; and numerous individuals. Your Committee received testimony in opposition to this measure from one individual.

Your Committee finds that the intent of the Contractor Repair Act was to foster a cooperative, good-faith process between builders and homeowners to address legitimate construction defects. However, the existing system has gone astray of that original intent. Excessive legal claims against new developments have had far-reaching consequences, including increased construction costs, higher insurance premiums, and more restrictive lending conditions. This measure intends to restore a fair dispute-resolution process for resolving construction defects, which will promote a more sustainable and affordable housing market in Hawaii.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 420, as amended herein, and recommends that it pass Second Reading



in the form attached hereto as H.B. No. 420, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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

LMC

LUKE A. EVSLIN, Chair



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Bill/Resolution No.: HB 420	Committee Referral: HSG, CPC, JHA	Date: 1/31/25		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. EVSLIN, Luke A. (C)	✓			
2. MIYAKE, Tyson K. (VC)	✓			
3. COCHRAN, Elle				✓
4. GRANDINETTI, Tina Nakada	✓			
5. KILA, Darius K.	✓			
6. KITAGAWA, Lisa				✓
7. LA CHICA, Trish	✓			
8. MURAOKA, Christopher L.		✓		
9. PIERICK, Elijah	✓			
TOTAL (9)	6	1	0	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: _____ <div style="text-align: center; font-family: cursive; font-size: 1.2em;"><i>Orion Mizake</i></div>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				