

STAND. COM. REP. NO. 1336

Honolulu, Hawaii

MAR 21 2025

RE: H.B. No. 420
H.D. 3
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which
was referred H.B. No. 420, H.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO REMEDIES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Clarify the applicability of the Statute of Repose for
actions arising from construction defects;
- (2) Repeal the two-year limitation for actions arising from
construction defects;
- (3) Clarify the required contents of a notice of claim of
construction defect served on a contractor;
- (4) Specify that claimants must comply with the Contractor
Repair Act and bar persons from joining a class in a
class action for failure to comply with the Contractor
Repair Act;
- (5) Amend the process and time frame for a claimant to
accept a contractor's offer to settle or inspect;



- (6) 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
- (7) Clarify the consequences of rejecting an offer of settlement.

Your Committee received testimony in support of this measure from the Hawai'i Association of REALTORS; Hawaii Regional Council of Carpenters; D.R. Horton Hawaii; Gentry Homes, Ltd.; Castle & Cooke Homes Hawaii; Hawaii HomeOwnership Center; NAIOP Hawaii; Associa Hawaii; Young Democrats of Hawai'i; Housing Hawai'i's Future; Mutual Housing Association of Hawai'i; Hawaii Laborers & Employers Cooperation and Education Trust; Austin, Tsutsumi & Associates, Inc.; Sinclair Drywall, Inc.; Hawaiiana Management Company, Ltd.; Royal Contracting Co. Ltd.; Jayar Construction Inc.; Raynor Hawaii Overhead Doors and Gates Inc.; Z Contractors Inc.; Fred Lau Hawaiian Landscape Company Inc.; R&C Roofing Contractors; Level 5 Drywall; Hawaii Fence Builders; TNH Plumbing, Inc.; Inspired Closets Hawaii; A-Plus Seamless Raingutters, Inc.; KY International, Inc.; Tru-Door Hawaii, Inc.; Gray-Hong-Nojima & Associates; Vinyl Tech & Masonry, Inc.; Commercial Sheetmetal Co., Inc.; Alliant Insurance Services, Inc.; International Union of Operating Engineers Local 3; Building Industry Association of Hawaii; Hawaii Credit Union League; Pacific Resource Partnership; Newport Pacific Cabinets, Inc.; Subcontractors Association of Hawaii; Chamber of Commerce Hawaii; Case Lombardi A Law Corporation; Holomua Collaborative; Hawai'i YIMBY; Land Use Research Foundation of Hawaii; and numerous individuals.

Your Committee received testimony in opposition to this measure from the Hawaii Insurers Council; LippSmith LLP; Bergeman Group; Kasdan Turner Thomson Booth, LLLC; Free Access Coalition; Kahiwelo HOA; and numerous individuals.

Your Committee received comments on this measure from AARP Hawai'i and one individual.

Your Committee finds that the Contractor Repair Act was enacted with the intent to encourage a cooperative, good-faith process between builders and homeowners to resolve legitimate claims of construction defects. The existing legal framework, however, has had a chilling effect on the construction industry



due to excessive legal claims against new developments, resulting in increased construction costs, higher insurance premiums, and restrictive lending conditions, further exacerbating the State's current housing shortage.

Your Committee further finds that the public welfare of the State depends on a healthy and thriving construction industry, but when legal threats curtail development, making it riskier and more expensive, fewer job opportunities are available and create economic uncertainty for local carpenters and tradespeople. This measure seeks to ensure that legitimate construction defects are addressed efficiently, promoting fairness and stability in the construction industry. Accordingly, your Committee believes that the intent of this measure provides a fair and equitable dispute resolution process for resolving construction defect claims.

Your Committee notes, however, the many issues raised in the testimony on this measure, and the approaches of other measures introduced during the 2025 Regular Session that also address the underlying intent to improve the Contractors Repair Act. Specifically, your Committee notes Senate Bill No. 1650, Regular Session of 2025, a substantially similar measure, and finds that its contents are preferable. Accordingly, this measure is a vehicle for further consideration and discussion as it advances through the legislative process.

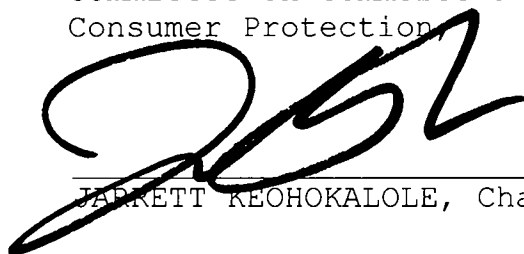
Your Committee has amended this measure by deleting its contents and inserting the contents of S.B. No. 1650 (2025), a substantively similar measure that:

- (1) Clarifies that the Statute of Repose applies to contract, tort, and statutory claims;
- (2) Specifies the required contents in a notice of claim of construction defect served on a contractor;
- (3) Requires a claimant to provide actual evidence of the nature and cause of the construction defect, the extent of necessary repairs, and the notice of the claim; and
- (4) Amends the process and time frame for a claimant to accept a contractor's proposal to inspect and authorize the contractor to proceed with repairs.



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 H.B. No. 420, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 420, H.D. 3, S.D. 1, and be referred to your Committee on Judiciary.

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

A large, stylized handwritten signature in black ink, appearing to read 'Jarrett Keohokalole', is written over a horizontal line.

JARRETT KEOHOKALOLE, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* HB 420 HD3	Committee Referral: CPN, JDC	Date: 3/19/25		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"				✓
AWA, Brenton	✓			
TOTAL	4			1
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="text-align: center; margin-top: 10px;"> </div>				
<div style="display: flex; justify-content: space-between; font-size: small;"> <div>Distribution:</div> <div>Original</div> <div>Yellow</div> <div>Pink</div> <div>Goldenrod</div> </div> <div style="display: flex; justify-content: space-between; font-size: x-small; margin-top: 5px;"> <div>File with Committee Report</div> <div>Clerk's Office</div> <div>Drafting Agency</div> <div>Committee File Copy</div> </div>				

*Only one measure per Record of Votes