

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 179
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 S.B. No. 179 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 that the Statute of Repose 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
- (5) Clarify the consequences of rejecting an offer of settlement.



Your Committee received testimony in support of this measure from the Hawai'i Regional Council of Carpenters; Hawaii Laborers & Employers Cooperation and Education Trust; Stanford Carr Development, LLC; Hawai'i Association of REALTORS; Haseko Development, Inc.; TNH Plumbing, Inc.; Z Contractors Inc.; Raynor Hawaii Overhead Doors and Gates Inc.; Ohana Building Supply, Inc.; Paradigm Construction LLC; Gray, Hong, Nojima & Associates; Mutual Housing Association of Hawai'i, Inc.; Royal Contracting Co., Ltd.; A-Plus Seamless Raingutters, Inc.; Pacific Resource Partnership; International Union of Operating Engineers Local 3; R.M. Towill Corporation; Newport Pacific Cabinets, Inc.; Sinclair Drywall, Inc.; Ali'i Glass and Metal Inc.; Gentry Homes, Ltd.; Vinyl Tech and Masonry, Inc.; BIA Hawaii; D.R. Horton Hawaii; Ashford & Wriston, LLLP; Case Lombardi, ALC; Operative Plasterers' and Cement Masons' International Association Local 630, AFL-CIO; Hawai'i YIMBY; Holomua Collaborative; Laborers' International Union Local 368; Plumbers & Fitters Local 675; Kapolei Chamber of Commerce; KY International Inc.; and numerous individuals.

Your Committee received testimony in opposition to this measure from the Kasdan Turner Thomson Booth, LLLC; Law Offices of Philip S. Nerney, LLLC; LippSmith LLP; and one individual.

Your Committee finds that the Contractor Repair Act was originally designed to encourage a cooperative, good-faith process between builders and homeowners to address legitimate construction defects. However, the existing system has led to excessive legal claims against new developments, resulting in increased construction costs, higher insurance premiums, and more restrictive lending conditions, further adding to the State's housing shortage.

Your Committee finds that the misuse of the Contractor Repair Act has led to an increase in unnecessary litigation that discourages builders from undertaking new housing projects. Residents in the State depend on a stable and thriving construction industry, but when legal threats make development riskier and more expensive, it results in fewer job opportunities and greater economic uncertainty for local carpenters and tradespeople. This measure will help restore balance by ensuring that legitimate construction defects are addressed efficiently and promote fairness and stability in the construction industry. This

measure intends to restore a fair dispute resolution process to resolve construction defect claims and promote a more sustainable and affordable housing market in Hawaii.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 179, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 179, 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,



JARRETT KEOHOKALOLE, Chair



