

Honolulu, Hawaii

FEB 28 2025

RE: S.B. No. 942

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. 942 entitled:

"A BILL FOR AN ACT RELATING TO RENTAL APPLICATIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to prohibit landlords from rejecting a rental application solely based on an applicant's inability to provide a recent paycheck; provided that the applicant can provide evidence of sufficient liquid assets or unearned income to cover the rental costs.

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

Your Committee received comments on this measure from the Hawai'i Association of REALTORS.

Your Committee finds that rental applicants are often required to provide copies of their most recent paystubs to demonstrate to landlords that the applicants have sufficient income to pay rent. Many individuals, however, including retirees, the self-employed, and those with alternative forms of income, may not have traditional paystubs, but nevertheless have sufficient financial resources to meet their rental obligations. Additionally, retirees often rely on other sources of income, such as a pension, social security retirement, investments, or savings



to cover their living expenses, all of which are typically stable and reliable, though not tied to traditional employment. Individuals in these situations are denied more often than others solely because they lack traditional employment paystubs. This requirement unnecessarily limits their rental housing options without regard to their actual financial ability to pay. This measure aims to address these equity concerns in the housing market, where affordability and availability remain pressing issues.

Your Committee also notes, however, that while paystubs allow for direct employment verification through the employer, the same level of verification may not be feasible for other forms of income, such as bank statements, social security benefits, or letters from third parties who are not prospective employers. Amendments to this measure are therefore necessary to ensure accuracy and provide clarity in verifying alternative sources of income.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that a landlord may require a prospective tenant to submit evidence, dated within thirty days of the rental application, showing proof of unearned income or liquid assets sufficient to satisfy the rent for the term of the prospective rental period;
- (2) Clarifying that, if the evidence submitted is not from a bank, the federal government, or a state, county, or municipal government, a landlord may request an applicant's authorization to verify the documentation or the evidence provided shall be verifiable either directly from the source of the information or by cross-referencing with another official document, such as a tax return;
- (3) Amending section 1 to reflect its amended purpose;
- (4) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (5) 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. 942, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 942, 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,



TERRETT KEOHOKALOLE, Chair



