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PRESENTATION OF THE
OFFICE OF CONSUMER PROTECTION

TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015

MONDAY, MARCH 16, 2015
2:00 PM

TESTIMONY ON SENATE BILL NO. 14, S.D. 1, RELATING TO THE RESIDENTIAL
LANDLORD-TENANT CODE.

TO THE HONORABLE ANGUS L.K. McKELVEY, CHAIR,
AND TO THE HONORABLE JUSTIN H. WOODSON, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs, Office of Consumer Protection (“OCP”), appreciates the opportunity to testify in support of Senate Bill No. 14, S.D. 1, Relating to the Residential Landlord-Tenant Code. My name is Stephen Levins, and I am the Executive Director of the OCP.

Senate Bill No. 14, S.D. 1 seeks to amend the Residential Landlord-Tenant Code by allowing the security deposit to be used for costs related to the replacement of keys, key fobs, garage door openers, and mail box keys, and to compensate a landlord for moneys owed by a tenant under the rental agreement for utility service provided by the landlord but not included in the rent.

The amendments contained in S.D. 1 are a product of discussions between the OCP and the Hawaii Association of Realtors. OCP supports them because it believes that it is not unreasonable for landlords to be able to recover their costs from a security deposit for things such as lost keys and for contracted utility services. It is also not inconsistent with the underlying policies of the Landlord-Tenant Code.

Thank you for allowing me the opportunity to testify on Senate Bill No. 14, S.D. 1. I would be happy to address any questions or concerns the committee members may have.

March 16, 2015

The Honorable Angus L.K. McKelvey

House Committee on Consumer Protection & Commerce
State Capitol, Room 325
Honolulu, Hawaii 96813

RE: S.B. 14, S.D.1, Relating to the Residential Landlord-Tenant Code

HEARING: Monday, March 16, 2015, at 2:00 p.m.

Aloha Chair McKelvey, Vice Chair Woodson, and Members of the Committee:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,400 members. HAR **strongly supports** S.B. 14, S.D.1, which amends the residential landlord-tenant code to allow use of the security deposit to: replace keys, including key fobs, parking cards, garage door openers, and mail box keys; and pay for utility service provided by the landlord under the rental agreement but not included in the rent.

It is common practice for Hawai'i landlords and property managers to collect a security deposit from tenants as part of a residential rental agreement pursuant to Hawai'i Revised Statutes ("HRS") Section 521-44 (Hawaii's Residential Landlord-Tenant Code). When a landlord collects a security deposit, it helps ensure that the tenant will keep the property in good shape, pay the rent, and not suddenly break the lease and disappear, which could mean the tenant doesn't get the deposit returned.

Under current statutes, the amount of a security deposit shall not exceed one month's rent and can only be used by the landlord for the following:

1. Remedy a tenant's defaults for accidental or intentional damages resulting from failure to comply with Section 521-51 of Hawaii's Residential Landlord-Tenant Code, for failure to pay rent due, or for failure to return all keys furnished by the landlord at the termination of the Hawaii rental agreement;
2. Clean the dwelling unit or have it cleaned at the termination of the Hawaii rental agreement so as to place the condition of the dwelling unit in as fit a condition as that which the tenant entered into possession of the dwelling unit; and
3. Compensate for damages caused by a tenant who wrongfully quits the dwelling unit.

In addition to the above, tenants typically have other obligations under their Rental Agreement, such as, but not limited to sewer, water, and electricity expenses. However, these agreed upon obligations that are included in the Rental Agreement do not fall within the scope of the uses of a security deposit.

This is a problem that has grown in incidence and tenants are taking on obligations that affect the property and could put a landlord at risk if a tenant walks away from these obligations, which often times can add up. HAR believes that allowing a security deposit to be used utility obligations that are the tenant's responsibility is fair and reasonable to ensure that all tenant obligations are met under the Rental Agreement.

S.B. 14, S.D.1 is a collaborative draft between HAR and the Office of Consumer Protection (OCP) and we respectfully ask for your favorable passage.

Mahalo for the opportunity to testify in support of this measure.

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 15, 2015 8:49 AM
To: CPCtestimony
Cc: jamesjtz@aol.com
Subject: *Submitted testimony for SB14 on Mar 16, 2015 14:00PM*

SB14

Submitted on: 3/15/2015

Testimony for CPC on Mar 16, 2015 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
James Gauer	Individual	Support	No

Comments:

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