

STAND. COM. REP. NO.

653

Honolulu, Hawaii

February 15, 2019

RE: H.B. No. 1528
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Intrastate Commerce, to which was referred
H.B. No. 1528 entitled:

"A BILL FOR AN ACT RELATING TO COMMERCE AND CONSUMER
AFFAIRS,"

begs leave to report as follows:

The purpose of this measure to require the Department of
Commerce and Consumer Affairs to suspend all fees relating to the
licensing and registration of persons under its jurisdiction, from
the fiscal year beginning in 2021 to the fiscal year ending in
2029.

Testimony in opposition to this measure was submitted by the
Department of Commerce and Consumer Affairs and Hawaii Bankers
Association.

Your Committee finds that the professional and vocational
licensing program currently has an unencumbered cash balance of
\$7,981,618. In addition, your Committee also is concerned that
multiple funds under the control of the Department of Commerce and
Consumer Affairs have cash balances that are significantly larger
in comparison to the amounts of money paid out from the funds in
any given year. Currently:



653

- (1) The contractors recovery fund has an unencumbered cash balance of \$922,593;
- (2) The contractors education fund has an unencumbered cash balance of \$560,524;
- (3) The real estate recovery fund has an unencumbered cash balance of \$870,665;
- (4) The real estate education fund has an unencumbered cash balance of \$786,881; and
- (5) The condominium education fund has an unencumbered cash balance of \$2,184,889.

By comparison, your Committee finds that:

- (1) The largest payout from the contractors recovery fund in the last ten years was \$170,893;
- (2) The largest payout from the contractors education fund in the last four years was \$5,105;
- (3) The largest payout from the real estate recovery fund in the last ten years was \$131,799;
- (4) The largest payout from the real estate education fund in the last four years was \$602,099; and
- (5) The largest payout from the condominium education fund in the last four years was \$607,819.

Your Committee has amended this measure by:

- (1) Deleting the provisions of the measure requiring the Department of Commerce and Consumer Affairs to suspend licensing and registration fees;
- (2) Repealing the existing statutory requirement that \$2,000,000 of certain taxes collected on bank and financial corporations be deposited to the credit of the compliance resolution fund;



- (3) Requiring adjustments to fees and assessments collected by the Division of Financial Institutions of the Department of Commerce and Consumer Affairs to be based on the amount of moneys credited to the division in the compliance resolution fund;
- (4) Establishing in statute the annual fee assessed on cable operators at 4.5 percent of the income received from subscribers for cable services rendered during the preceding calendar year;
- (5) Authorizing the Director of Commerce and Consumer Affairs to reduce the annual fee assessed on cable operators if the amount exceeds the amount necessary to administer chapter 440G, Hawaii Revised Statutes, and establishing criteria to determine the amount of the fee;
- (6) Establishing criteria to determine the amounts to be assessed for fees and expenses regulated under title 25, Hawaii Revised Statutes; and
- (7) Providing for the reduction or cessation of fees or interest to be paid into the mortgage loan recovery fund, contractors recovery fund, contractors education fund, real estate recovery fund, real estate education fund, and condominium education fund, once the respective funds attain the following amounts:
 - (A) For the mortgage loan recovery fund, \$750,000;
 - (B) For the contractors recovery fund, \$170,893;
 - (C) For the contractors education fund, \$5,105;
 - (D) For the real estate recovery fund, \$131,799;
 - (E) For the real estate education fund, \$602,099; and
 - (F) For the condominium education fund, \$607,819.

As affirmed by the record of votes of the members of your Committee on Intrastate Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B.



No. 1528, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1528, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Intrastate
Commerce,



TAKASHI OHNO, Chair



