Honolulu, Hawaii

, 2020

FFB 0 7

RE: H.B. No. 2315

H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirtieth State Legislature Regular Session of 2020 State of Hawaii

Sir:

Your Committee on Intrastate Commerce, to which was referred H.B. No. 2315 entitled:

"A BILL FOR AN ACT RELATING TO PROFESSIONAL AND VOCATIONAL LICENSING TRUST FUNDS, "

begs leave to report as follows:

The purpose of this measure is to grant the Contractors License Board and Real Estate Commission the statutory authority to adjust, reduce, suspend, or cease collection of fees for the recovery funds and education funds under their respective purviews without first needing to request fee reductions from the Governor.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Contractors License Board, Hawaii Real Estate Commission, Hawaii Chapter of the Community Associations Institute Legislative Action Committee, and Associa.

Your Committee finds that a "reasonable relation" between the fees generated and the cost of service rendered by the Contractors Recovery Fund, Real Estate Recovery Fund, and Condominium Education Trust Fund respectively requires consideration of historical expenditures. A "reasonable relation" is calculated as follows:

- (1) The balance of the Contractors Recovery Fund shall not exceed the sum of the fund's highest annual expenditure in the past ten years and its statutory floor, \$250,000. The fund's highest expenditure in the last ten years was \$170,893 in fiscal year 2012. Thus, a reasonable relation will have this fund not exceed \$420,893 in 2020;
- (2) The balance of the Contractors Education Trust Fund shall not exceed three times the fund's highest annual expenditure in the past four years. The fund's highest expenditure in the last four years was \$5,105 in fiscal year 2017. Thus a reasonable relation will have this fund not exceed \$15,315 in 2020;
- (3) The balance of the Real Estate Recovery Fund shall not exceed the sum of the fund's highest annual expenditure in the past ten years and its statutory floor, \$350,000. The fund's highest expenditure in the last ten years was \$131,799 in fiscal year 2011. Thus, a reasonable relation will have this fund not exceed \$481,799 in 2020;
- (4) The balance of the Real Estate Education Trust Fund shall not exceed the sum of the fund's highest annual expenditure in the past four years. The fund's highest expenditure in the past four years was \$626,636 in fiscal year 2019. Thus, a reasonable relation will have this fund not exceed \$1,879,908 in 2020; and
- (5) The balance of the Condominium Education Trust Fund shall not exceed three times the fund's highest annual expenditure in the past four years. The fund's highest expenditure in the last four years was \$715,954 in fiscal year 2019. Thus, a reasonable relation will have this fund not exceed \$2,147,862 in 2020.

Your Committee has amended this measure by:

(1) Clarifying that the Real Estate Commission may make a finding that a fee adjustment is appropriate and adjust fees paid into the Real Estate Recovery Fund, Real Estate Education Fund, and Condominium Education Fund to maintain a reasonable relation between the fees

generated and the services provided by the applicable fund;

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

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. 2315, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2315, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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

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TAKASHI OHNO, Chair

State of Hawaii House of Representatives The THIRTIETH Legislature

Record of Votes of the Committee on Intrastate Commerce

Bill/Resolution No.: HB 2315	Committee A C	Referral: CPC, FIN	Date:	104/202	D
☐ The committee is reconsidering its previous decision on the measure.					
The recommendation is to: □ Pass, unamended (as is) □ Pass, with amendments (HD) □ Hold □ Pass short form bill with HD to recommit for future public hearing (recommit)					
IAC Members		Ayes	Ayes (WR)	Nays	Excused
1. OHNO, Takashi (C)					_
2. KOBAYASHI, Dale T	. (VC)				
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3. GATES, Cedric Asueg	ga				
	a Adamsa and a supplementation of the state				
4. KONG, Sam Satoru		0			
5. NISHIMOTO, Scott Y	· .	<i>V</i>			
6. TAKAYAMA, Gregg		ν			
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7. McDERMOTT, Bob					-
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TOTAL (7)	1			
The recommendation is:	Adopted	□ Not Adopt	_l ed		
	If joint referral,	committee acronym(did not suppor	t recommendation	
Vice Chair's or designee's signature:					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					
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