

February 14, 2024

**The Honorable Jarrett Keohokalole, Chair**

Senate Committee on Commerce and Consumer Protection  
State Capitol, Conference Room 229 & Videoconference

**RE: Senate Bill 2127, Relating to the Residential Landlord-Tenant Code**

**HEARING: Wednesday, February 14, 2024, at 9:30 p.m.**

Aloha Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i and its over 11,000 members. HAR **opposes** Senate Bill 2127, which prohibits a landlord or the landlord's agent from charging an application fee for a criminal background check or credit report if an applicant provides a certified copy of a criminal background check or credit report. Requires a landlord or the landlord's agent to provide, upon request, a certified copy of an applicant's criminal background check or credit report.

The tenant screening process typically begins when the prospective tenant completes a rental application. Property managers manually review information and can rely on a tenant screening company to help produce tenant screening reports to assist with the screening process. It is important to highlight that these screening reports are typically designated as confidential. The Fair Credit Reporting Act<sup>1</sup> strictly governs how the credit information/report is provided, stored, used, with whom it is shared, and how it is retained.

Moreover, we note that the screening process is not limited to just credit reports and criminal background checks. The entire screening process can also include reviewing eviction history, verifying employment, verifying personal references, and other records to properly vet tenants. Property managers are not just concerned about the ability for an applicant to pay rent, but also what kind of tenant the applicant will make. Therefore, this measure may not eliminate the need for an application fee.

Additionally, HAR would note that it is very easy to edit a PDF, so a property manager may be reluctant to accept a criminal background check or credit report from an applicant. Property managers may end up requesting the Department of Commerce and Consumer Affairs ("DCCA") determine if a tenant has altered a tenant screening report which would be a large administrative burden for the DCCA and would ultimately delay the application process which is detrimental to tenants seeking housing.

Mahalo for the opportunity to provide testimony on this measure.

<sup>1</sup> Federal Trade Commission. (May 2023). *Fair Credit Reporting Act*. [www.ftc.gov/legal-library/browse/statutes/fair-credit-reporting-act](http://www.ftc.gov/legal-library/browse/statutes/fair-credit-reporting-act)