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## A BILL FOR AN ACT

RELATING TO ATTORNEYS' FEES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that attorney's fees can  
2 cost a prevailing party a significant portion of their  
3 settlement amount or monetary award. In some cases, a  
4 prevailing party may only receive sixty to sixty-five per cent  
5 of the settlement amount or monetary award after attorney's fees  
6 and costs are deducted. For a plaintiff that is suing for  
7 construction defects, a significant reduction in the settlement  
8 amount or monetary award may not leave the plaintiff with enough  
9 money to cover the necessary repair costs. In that situation,  
10 the plaintiff may end up in a worse position than before they  
11 initiated the lawsuit and publicly disclosed the existence of  
12 the construction defects. A property with known construction  
13 defects may become significantly devalued which will impact the  
14 plaintiff's ability to sell or refinance the property.

15           The purpose of this Act is to limit the attorneys' fees in  
16 settlement agreements relating to, or actions brought as a



1 result of, construction defects to ensure that plaintiffs can  
2 better afford the repair costs.

3 SECTION 2. Chapter 605, Hawaii Revised Statutes, is  
4 amended by adding a new section to be appropriately designated  
5 and to read as follows:

6 "§605- Attorney's fees in settlements relating to  
7 construction defects; limitation. (a) Notwithstanding any  
8 other law to the contrary, practitioners shall limit the amount  
9 of attorney's fees in any settlement agreement arising from a  
10 dispute relating to construction defects to ensure that the  
11 plaintiff receives an amount that is at least ninety per cent of  
12 the repair cost for the construction defect, after attorney's  
13 fees and costs, if any, are deducted.

14 (b) For the purposes of this section, "construction  
15 defect" means a deficiency in, or arising out of, the design,  
16 specifications, surveying, planning, construction, supervision,  
17 or observation of construction of a building or structure."

18 SECTION 3. Chapter 607, Hawaii Revised Statutes, is  
19 amended by adding a new section to be appropriately designated  
20 and to read as follows:



1            "§607-            Attorney's fees in actions brought as a result  
2 of construction defects; limitation.    (a) Notwithstanding any  
3 other law to the contrary, a court shall limit the amount of  
4 attorney's fees allowed or awarded in actions brought as a  
5 result of construction defects to ensure that the prevailing  
6 plaintiff receives monetary damages in an amount that is at  
7 least ninety per cent of the repair cost for the construction  
8 defect, after attorney's fees and costs, if any, are deducted.

9            (b) For the purposes of this section, "construction  
10 defect" has the same meaning as in section 605-            ."

11            SECTION 4. This Act shall not be applied so as to impair  
12 any contract existing as of the effective date of this Act in a  
13 manner violative of either the Constitution of the State of  
14 Hawaii or Article I, section 10, of the United States  
15 Constitution.

16            SECTION 5. This Act does not affect rights and duties that  
17 matured, penalties that were incurred, and proceedings that were  
18 begun before its effective date.

19            SECTION 6. New statutory material is underscored.

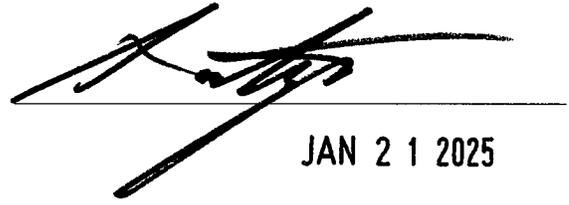
20            SECTION 7. This Act shall take effect upon its approval.

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H.B. NO. 981

INTRODUCED BY:



JAN 21 2025



# H.B. NO. 981

**Report Title:**

Settlements; Civil Actions; Attorneys' Fees; Construction Defects

**Description:**

Limits the attorneys' fees in settlement agreements relating to, or actions brought as a result of, construction defects to ensure that plaintiffs receive an amount that is at least ninety per cent of the repair cost for the construction defect.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

