

STAND. COM. REP. NO.

665

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 147
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 147 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose and intent of this measure is to establish processes and requirements for associations to impose fines against unit owners, tenants, and guests who use condominium property for violations of the declaration, bylaws, or house rules, and to prohibit associations from charging attorneys' fees with respect to any fines that are not deemed collectable.

Your Committee received testimony in support of this measure from the Community Associations Institute, Hawaii First Realty, and seven individuals.

Your Committee received testimony in opposition to this measure from the Law Offices of Mark K. McKellar, LLLC; Honolulu Tower; and six individuals.

Your Committee received comments on this measure from two individuals.

Your Committee finds that the laws governing condominiums provide inadequate protections for unit owners in disputes with their condominium associations. Many condominium unit owners feel



apprehensive about requesting their board to address issues out of fear that the board will hire an attorney to respond to their request and charge them for the attorneys' fees. Additionally, attorneys' fees and late fees sought by a board can often exceed the original amounts fined or owed, creating financial burdens for unit owners. This measure protects unit owners by preventing associations from assessing attorneys' fees and costs before a fine is deemed collectable, while also ensuring that associations are able to collect on the assessments and fines they are owed.

Your Committee has amended this measure by:

- (1) Clarifying that the deadline to file a small claims action shall be after, not before, a board's final disposition of a properly initiated appeal;
- (2) Clarifying that the recordation of a lien by an association to preserve the priority of its lien shall not be subject to the sixty-day period during which collection efforts are stayed following a timely demand for mediation;
- (3) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 147, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 147, S.D. 1, and be referred to your Committee on Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



JARRETT KEOHOKALO, Chair



