STAND. COM. REP. NO. 1186

Honolulu, Hawaii

March 25, 2009

RE: S.B. No. 1107

S.D. 2 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2009 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 1107, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose of this bill is to improve the Real Estate Commission's (Commission) administration of condominium education programs by merging the Condominium Management Education Fund established under section 514A-131, Hawaii Revised Statutes (HRS), into the Condominium Education Trust Fund (Fund) established under section 514B-71, HRS.

This bill also requires the Commission to:

- (1) Include the following information in its annual Fund report to the Legislature:
 - (A) The target audience of each Fund program, including those directed at the education of individual condominium owners; and
 - (B) Amounts paid into the Fund by individual condominium owners;

and

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(2) Make its condominium education publications available to individual condominium owners in both printed and electronic formats.

The Hawaii Independent Condominium and Cooperative Owners and Hawaii Council of Associations of Apartment Owners testified in support of this bill. The Commission provided comments.

Act 164, Session Laws of Hawaii (SLH) 2004, and Act 93, SLH 2005, updated Hawaii's condominium laws and produced two separate statutory chapters governing condominiums (Chapters 514A and 514B, HRS). This legislation also resulted in the Commission's administration of two funds, one in Chapter 514A, HRS, and one in Chapter 514B, HRS, with the identical purposes of financing or promoting:

- (1) Education and research in the fields of condominium management, condominium project registration, and real estate;
- (2) Improvements in the administration of associations; and
- (3) Expeditious and inexpensive procedures for resolving association disputes.

Management of both funds is administratively burdensome, requiring the Commission to separately budget, plan, and account for the receipts and expenses of each fund. This bill attempts to eliminate any confusion and unnecessary burdens stemming from the existence of both funds.

Your Committee has amended this bill by:

- (1) Amending the violations and Commission enforcement statutes under the Chapter 514A, HRS, condominium law to restore:
 - (A) References to section 514A-2, HRS, relating to the applicability of Chapter 514A, HRS, in relation to other laws; and
 - (B) The violation under section 514A-134, HRS, of filing false statements with the Commission, by any association of apartment owners, its officers, its board of directors, or its agents;

- (2) Eliminating the provision requiring the Commission to make its condominium education publications available to individual condominium owners in both printed and electronic formats; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1107, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1107, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

h___

ROBERT N. HERKES, Chair

State of Hawaii House of Representatives The Twenty-fifth Legislature

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: 13 107 D	CR, FIN		Date: 3/16/09	
☐ 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)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)				
2. WAKAI, Glenn (VC)				
3. BELATTI, Della Au				V
4. CABANILLA, Rida				
5. CARROLL, Mele				
6. ITO, Ken	V			
7. KARAMATSU, Jon Riki				
8. LUKE, Sylvia				
9. McKELVEY, Angus L.K.				
10. MIZUNO, John M.			a risato de Santalas Alisa de Car	
11. MORITA, Hermina M.				
12. SOUKI, Joseph M.				
13. TSUJI, Clift				
14. MARUMOTO, Barbara C.		4		naniz (2015) e e e e
15. THIELEN, Cynthia				
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TOTAL (15)	12	19		3
The recommendation is: Adopted If joint referral, did not support recommendation. Committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				