

JAN 23 2015

A BILL FOR AN ACT

RELATING TO CONDOMINIUM CONVERSIONS.

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

1 SECTION 1. Section 514B-3, Hawaii Revised Statutes, is
2 amended by adding two new definitions to be appropriately
3 inserted and to read as follows:

4 "Condominium hotel" means those apartments or units in a
5 project as defined in this section or section 514A-3 and subject
6 to chapters 514A and 514B, which are used to provide transient
7 lodging for periods of less than thirty days.

8 "Hotel" means a structure or structures used primarily for
9 the business of providing transient lodging for periods of less
10 than thirty days and which furnishes customary hotel services
11 including but not limited to front desk, restaurant, daily maid
12 and linen service, bell service, or telephone switchboard;
13 provided that for the purposes of this chapter, apartments or
14 units in a project as defined by this section or section 514A-3,
15 which provide customary hotel services shall be excluded from
16 the definition of hotel."



SECTION 2. Section 514B-84, Hawaii Revised Statutes, is amended to read as follows:

"§514B-84 Developer's public report; special types of condominiums. (a) In addition to the information required by section 514B-83, the developer's public report for a project containing any existing structures being converted to condominium status shall contain:

(1) Regarding units that may be occupied for residential use and that have been in existence for five years or more:

(A) A statement by the developer, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units;

(B) A statement by the developer of the expected useful life of each item reported on in subparagraph (A) or a statement that no representations are made in that regard; and



(C) A list of any outstanding notices of uncured violations of building code or other county regulations, together with the estimated cost of curing these violations;

(2) Regarding all projects containing converted structures, a verified statement signed by an appropriate county official that:

(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:

(i) Any variances or other permits that have been granted to achieve compliance;

(ii) Whether the project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and

(iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; or



(B) Based on the available information, the county official cannot make a determination with respect to the matters described in subparagraph (A); and

(3) Other disclosures and information that the commission may require.

(b) In addition to the information required by section 514B-83, the developer's public report for a project in the agricultural district pursuant to chapter 205 shall disclose:

(1) Whether the structures and uses anticipated by the developer's promotional plan for the project are in compliance with all applicable state and county land use laws and with chapter 205, including section 205-4.6 where applicable;

(2) Whether the structures and uses anticipated by the developer's promotional plan for the project are in compliance with all applicable county real property tax laws, and the penalties for noncompliance; and

(3) Other disclosures and information that the commission may require.

(c) In addition to the information required by section 514B-83, the developer's public report for a project containing



1 any assisted living facility units regulated or to be regulated
2 pursuant to rules adopted under section 321-11(10) shall
3 disclose:

4 (1) Any licensing requirements and the impact of the
5 requirements on the costs, operations, management, and
6 governance of the project;

7 (2) The nature and scope of services to be provided;

8 (3) Additional costs, directly attributable to the
9 services, to be included in the association's common
10 expenses;

11 (4) The duration of the provision of the services;

12 (5) Any other information the developer deems appropriate
13 to describe the possible impacts on the project
14 resulting from the provision of the services; and

15 (6) Other disclosures and information that the commission
16 may require.

17 (d) In addition to the information required by section
18 514B-83, the developer's public report for the conversion of a
19 hotel, or a portion of a hotel, to a condominium hotel shall
20 disclose:



- 1 (1) The total amount of tax levied on and remitted
2 annually pursuant to chapter 237 for the units
3 converted to condominium status during all or any
4 portion of the three years prior to conversion that
5 the converted units were part of a hotel; and
6 (2) The total amount of tax levied on and remitted
7 annually pursuant to chapter 237D for the units
8 converted to condominium status during all or any
9 portion of the three years prior to conversion that
10 the converted units were part of a hotel."

11 SECTION 3. Section 467-30, Hawaii Revised Statutes, is
12 amended by amending subsection (g) to read as follows:

13 "(g) The registered condominium hotel operator:

14 (1) Shall not provide or offer lodgings thirty days or
15 longer;

16 (2) Shall not be licensed as a real estate broker or a real
17 estate salesperson;

18 (3) Shall not conduct any other activities contained in the
19 definition of the term "real estate broker";



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(4) Shall appoint an employee or principal to have direct management and responsibility over condominium hotel operations; [~~and~~]

(5) Shall provide evidence of written notification to all representing apartment or unit owners of the provisions of this section including the nonapplicability of the real estate recovery fund[~~-~~]; and

(6) Shall file an annual report, on a form prescribed by the commission, with the commission no later than December 1 of each calendar year. The report shall include the following information for each apartment or unit, identified by tax map key number, that operated as a condominium hotel at any point during the preceding year:

(A) For each month, whether the apartment or unit was vacant, owner-occupied, rented long-term, or rented as transient lodging for less than thirty days;

(B) Classification of each apartment or unit into one of the following categories:



1 (i) Apartment: units occupied by the owner for
2 personal use or by a lessee for a term of
3 six consecutive months or more;

4 (ii) Hotel and resort: units occupied by
5 transient tenants for periods of less than
6 six consecutive months that are not a time
7 share;

8 (iii) Time share: units occupied by transient
9 tenants for periods of less than six
10 consecutive months and subject to a time
11 share plan, as defined in section 514E-1;
12 and

13 (iv) Commercial: units occupied by the owner or
14 lessee for business or mercantile
15 activities; and

16 (C) The total number of employees employed by the
17 condominium hotel operator or by subcontractors
18 to the condominium hotel operator, in operation
19 of the condominium hotel."

20 SECTION 4. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



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1 SECTION 5. This Act shall take effect upon its approval.

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Report Title:

Condominium Conversions; Condominium Hotel

Description:

Requires a condominium hotel developer's public report to disclose past years' general excise taxes and transient accommodations taxes for converted condominium hotels. Requires that each condominium hotel operator file an annual report with the real estate commission.

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

