

STAND. COM. REP. NO.

1535

Honolulu, Hawaii

MAR 24

, 2023

RE: S.B. No. 729

S.D. 1

H.D. 2

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 729, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO BOARD MEMBERS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Authorize the Real Estate Commission to approve and administer board leadership courses for board members of a condominium association;
- (2) Expand the uses of funds in the Condominium Education Trust Fund to include educational requirements for board members;
- (3) For condominium associations with more than fifty units, require board members to complete a board leadership course within one year of election to the board;
- (4) Require a board member to certify that the member has received and reviewed the association's articles of incorporation, bylaws, rules and regulations, and the provisions of the Condominium Property Act within ninety days of election to the board; and

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- (5) Establish deadlines for board members who are actively serving a term of office on a board on or before July 1, 2024, to fulfill these requirements.

Your Committee received testimony in support of this measure from the Hawaii Council of Associations of Apartment Owners, Hui 'Oia'i'o, and thirteen individuals. Your Committee received testimony in opposition to this measure from the Hawai'i Real Estate Commission; Honolulu Tower AOA; Hawai'i State Association of Parliamentarians; Legislative Action Committee of the Community Associations Institute, Hawaii Chapter; and thirteen individuals. Your Committee received comments on this measure from two individuals.

Your Committee finds that members of condominium association boards of directors have significant responsibility and oversight over association affairs. Your Committee further finds that newly elected members may better perform their duties if they have pertinent knowledge of their authority and duties. However, your Committee notes that members of condominium association boards of directors are not subject to regulation and this measure may impose new regulatory controls. As such, further consideration must be given to identify possible unintended consequences.

Accordingly, your Committee has amended this measure by:

- (1) Deleting provisions that required existing and newly elected board members of condominium associations with more than fifty units to complete a board leadership course within specified time frames;
- (2) Deleting provisions that required existing and newly elected board members of condominium associations to certify the receipt and review of certain documents within specified time frames;
- (3) Deleting provisions that expanded the uses of funds in the Condominium Education Trust Fund to include educational requirements for board members;
- (4) Requiring the Auditor to conduct an analysis on probable effects of the H.D. 1 version of this measure, assess whether the enactment of the H.D. 1 version would be



consistent with the policies stated in the Hawaii Regulatory Licensing Reform Act, and report to the Legislature prior to the Regular Session of 2024;

- (5) Requiring the Real Estate Commission to develop a curriculum on relevant condominium association documents, condominium laws, and leadership training to be made available to members of boards of directors of condominium associations, rather than requiring the Real Estate Commission to approve and administer board leadership courses, and submit a progress report to the Legislature; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, 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. 729, S.D. 1, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as S.B. No. 729, S.D. 1, H.D. 2.

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

  
MARK M. NAKASHIMA, Chair



