

STAND. COM. REP. NO. **(377)**

Honolulu, Hawaii

, 2023

MAR 21

RE: S.B. No. 855
S.D. 1
H.D. 1

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. 855, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUM RESERVE REQUIREMENTS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Authorize a condominium association to provide a summary of the required information in its budget;
- (2) Authorize a condominium association's reserve study to forecast a loan or special assessment to fund life safety equipment or installations for buildings located in a county with a population greater than five hundred thousand;
- (3) Authorize a condominium association to use an independent reserve study preparer to conduct a reserve study on behalf of the condominium; and
- (4) Clarify the information to be included in the explanation of how the estimated replacement reserves contributions for an association are computed.

2023-2669 SB855 HD1 HSCR HMSO



Your Committee received testimony in support of this measure from the Hawaii Council of Associations of Apartment Owners; Palehua Townhouse Association; Community Associations Institute, Hawaii Chapter; and five individuals. Your Committee received comments on this measure from Hui 'Oia'i'o.

Your Committee finds that automatic fire sprinkler systems provide valuable protection to persons and their homes, especially in condominium buildings. Your Committee further finds it is cost prohibitive to retrofit a condominium building for the installation of an automatic fire sprinkler system. As an alternative, condominium associations may install fire prevention and fire safety systems to reduce the risk of injury and death to residents and fire fighters. To take into account an association's efforts to install such systems, those costs should be included in the association's budget. This measure promotes transparency in an association's budget when accounting for necessary installation of fire prevention and fire safety systems and will clarify and expand reserve requirements to ensure that condominium projects will continue to remain structurally sound.

Your Committee has amended this measure by:

- (1) Changing all references from "replacement reserves contributions" to "replacement reserves assessments"; and
- (2) 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. 855, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 855, S.D. 1, H.D. 1, and be referred to your Committee on Finance.



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



MARK M. NAKASHIMA, Chair



State of Hawaii
House of Representatives
The Thirty-second Legislature

HSCR 1377

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: SB 855 SD1	Committee Referral: CPC, FIN	Date: 03-16-23		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)	/			
2. SAYAMA, Jackson D. (VC)	/			
3. AMATO, Terez	/			
4. BELATTI, Della Au	/			
5. HASHEM, Mark J.	/			
6. HUSSEY-BURDICK, Natalia	/			
7. GATES, Cedric Asuega	/			
8. LOWEN, Nicole E.	/			
9. ONISHI, Richard H.K.	/			
10. TAM, Adrian K.	/			
11. PIERICK, Elijah	/			
TOTAL (11)	11			
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 0.8em;">committee acronym(s)</div>				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				