STAND. COM. REP. NO. 2110

Honolulu, Hawaii

## APR 0 3 2024

RE: H.B. No. 2318 H.D. 1 S.D. 1

Honorable Ronald D. Kouchi President of the Senate Thirty-Second State Legislature Regular Session of 2024 State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2318, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII NONPROFIT CORPORATIONS ACT,"

begs leave to report as follows:

The purpose and intent of this measure is to exempt planned community associations and condominium associations from the quorum and voting requirements established under the Hawaii Nonprofit Corporations Act.

Your Committee received testimony in support of this measure from the Hawai'i State Association of Parliamentarians, Palehua Townhouse Association, and one individual.

Your Committee received testimony in opposition to this measure from one individual.

Your Committee finds that the quorum and voting provisions of the Hawaii Nonprofit Corporations Act, which apply to all planned community associations and condominium associations that have incorporated as nonprofit corporations, essentially consider the abstention from a vote to be the mathematical equivalent of a "no" vote. As a result, many smaller or limited-size planned community association and condominium association boards have been hampered



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in their ability to carry out actions on behalf of the unit owners that they represent, especially in situations where multiple directors must abstain from a vote based on actual or perceived conflicts of interest. Therefore, this measure would separate the voting requirements for planned community association and condominium association boards from the voting requirements for boards under the Hawaii Nonprofit Corporations Act, to improve these boards' self-governance and provide them greater flexibility in their decision-making processes.

Your Committee has amended this measure by inserting an effective date of July 1, 2040, to encourage further discussion.

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 H.B. No. 2318, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2318, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

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

KEOHOKALOLE, Chair



## The Senate Thirty-Second Legislature State of Hawaiʻi

## Record of Votes Committee on Commerce and Consumer Protection CPN

Bill / Resolution No.:*	Committee	Referral:	Da		
HB2318 HD1	CPN		-	3/28/24	
The Committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)					
FUKUNAGA, Carol (VC)		<b>/</b>			
MCKELVEY, Angus L.K.		$\checkmark$			
RICHARDS, III, Herbert M. "Tim"					V
AWA, Brenton					
			1		
TOTAL		3			/
Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature:					
Cand Julian					
Distribution: Original File with Committee Re	n: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

\*Only <u>one</u> measure per Record of Votes