

STAND. COM. REP. NO. **1060**

Honolulu, Hawaii

FEB 28, 2025

RE: H.B. No. 70
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 70, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUM,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Specify that the condominium association budget summary must contain all required information without referring the reader to other portions of the budget;
- (2) Explicitly state that the defense of good faith compliance is unavailable to any condominium association whose board adopts a budget that omits the required budget summary; and
- (3) Provide that a condominium association has the burden of proving compliance.

Your Committee received testimony in support of this measure from the Hawaii Legislative Action Committee of the Community Associations Institute; Hawaii First Realty LLC; and four individuals. Your Committee received testimony in opposition to this measure from Honolulu Tower; Palehua Townhouse Association;

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and numerous individuals. Your Committee received comments on this measure from one individual.

Your Committee finds that condominium associations in the State play a critical role in managing shared residential properties, yet concerns have arisen regarding the transparency and accountability of financial disclosures, particularly with reserve studies and budget summaries. Your Committee further finds that some condominium associations have failed to provide clear and accessible summaries of their financial health, leaving unit owners without crucial information about their financial obligations and long-term property maintenance. This measure strengthens financial transparency by ensuring that condominium associations provide accurate and complete budget summaries and removes the good faith exemption for boards that fail to comply, promoting better governance and protecting homeowners' interest.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 70, H.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,



DAVID A. TARNAS, Chair



