

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 146
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 146 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the conditions and procedures of alternative dispute resolution methods for condominium-related disputes and include conforming amendments.

Your Committee received testimony in support of this measure from the Community Associations Institute, Hawaii First Realty, and five individuals.

Your Committee received testimony in opposition to this measure from the Law Offices of Mark K. McKellar, LLC and eight individuals.

Your Committee received comments on this measure from the Hawai'i Real Estate Commission and one individual.

Your Committee finds that, although existing law provides for alternative dispute resolution methods in condominium-related disputes, these disputes often result in the parties engaging in a lengthy litigation process and incurring attorneys' fees and costs. Early neutral evaluation goes beyond mediation and enables



consideration of the merits of a claim or defense without the burden of litigation. This measure clarifies and improves the alternative dispute resolution process for condominium-related disputes and offers important consumer protections.

Your Committee has amended this measure by:

- (1) Amending the qualifications of mediators, arbitrators, and evaluators to require five years of experience as a licensed attorney;
- (2) Amending the definition of "condominium-related dispute" to include disputes between an association and the managing agent;
- (3) Clarifying that a unit owner is entitled to a refund of any amounts paid that were determined by an early neutral evaluator to have not been owed;
- (4) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 S.B. No. 146, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 146, S.D. 1, and be referred to your Committee on Judiciary.

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



JARRETT KEOHOKALOLE, Chair



