

STAND. COM. REP. NO.

2390

Honolulu, Hawaii

FEB 19 2026

RE: S.B. No. 2037
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2037 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Prohibit condominium associations from charging unit owner attorneys' fees on fines unless deemed collectable;
- (2) Limit attorneys' fees awarded and charged under section 514B-157, Hawaii Revised Statutes, to twenty-five percent of an underlying claim; and
- (3) Allow a court to assess charges against a party requesting trial de novo if the requesting party fails to better its position by thirty percent or more.

Your Committee received testimony in support of this measure from four individuals.

Your Committee received testimony in opposition to this measure from the Hawaii Legislative Action Committee of the Community Associations Institute; Collection Law Section of the



Hawaii State Bar Association; Honolulu Tower; Law Offices of Mark K. McKellar, LLC; AOA Lakeview Sands; and fifteen individuals.

Your Committee received comments on this measure from one individual.

Your Committee finds that condominium associations require an effective remedy to enforce collection of common expense assessments if necessary, including through civil actions. Your Committee further finds that attorneys' fees incurred by associations for enforcement actions can be applied to owners with limited transparency or explanation. This measure would create a balanced approach by clarifying apportionment and conditions under which an association can apply attorneys' fees to an owner. Your Committee further finds that the provisions of this measure with regard to trials de novo appear consistent with Hawaii Arbitration Rules concerning the determination of a prevailing party in a trial de novo challenging an arbitration award.

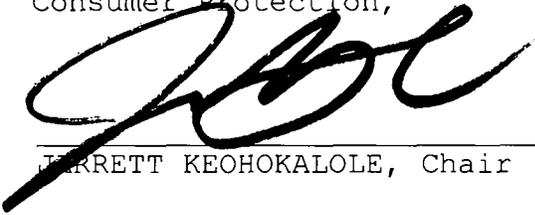
Your Committee has heard the concerns raised in testimony, including the questions regarding the cap on attorneys' fees and timeframes in relation to when a fine is deemed collectable, as proposed by this measure. Accordingly, your Committee has amended this measure by:

- (1) Inserting language that clarifies that a fine is deemed collectable if the time to initiate an appeal pursuant to all applicable association governing documents has expired, a small claims court appeal has not been timely initiated, or a small claims court has not invalidated the fine within ninety days after timely initiation of a small claims court action;
- (2) Deleting language that would have capped attorneys' fees charged or awarded after an association prevailed in an action at twenty-five percent of the amount of the underlying claim;
- (3) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (4) Making a technical, nonsubstantive amendment 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. 2037, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2037, 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,



TERRETT KEOHOKALOLE, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2037	CPN, JDC	02/13/2020		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
LAMOSAO, Rachele	✓			
MCKELVEY, Angus L.K.	✓			
AWA, Brenton				✓
TOTAL	4	0	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink		
File with Committee Report	Committee	Drafting Agency		

*Only one measure per Record of Votes