

Honolulu, Hawaii

March 22, 2006

RE: S.B. No. 2193
S.D. 1
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2193, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PLANNED COMMUNITY ASSOCIATIONS,"

begs leave to report as follows:

The purpose of this bill is to increase planned community association (PCA) member access to certain PCA records by requiring that PCA financial statements, insurance policies, contracts, and other records be made available for examination by PCA members for "the duration those records are kept by the association", instead of just for the current and prior year.

Several concerned individuals supported this bill. Community Associations Institute, Princeville at Hanalei Community Association, and Mililani Town Association opposed this measure.

Your Committee has amended this bill by replacing its substance with that of H.B. No. 1936, H.D. 1, a measure that passed out of your Committee earlier this session. The amended bill contains the provisions of the S.D. 1 and like the S.D. 1, takes effect on July 1, 2050. The H.D. 1 differs from the S.D. 1 in that it:

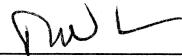
- (1) Requires PCA boards to provide notice of the formation of committees or subcommittees in meeting minutes;



- (2) Prohibits board members with a conflict of interest from voting;
- (3) Provides better access to association documents, minutes, financial statements, and other records;
- (4) Requires PCA boards to give notice of intent to assess the cost of duplicating or producing PCA records;
- (5) Mandates an annual audit of PCA accounts and that members be provided with copies; and
- (6) Authorizes the Department of Commerce and Consumer Affairs to hear and resolve member complaints, study PCA issues, and propose legislation to protect member interests.

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. 2193, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2193, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

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



ROBERT N. HERKES, Chair



