

STAND. COM. REP. NO. 1186

Honolulu, Hawaii

March 25, 2009

RE: S.B. No. 1107  
S.D. 2  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which  
was referred S.B. No. 1107, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose of this bill is to improve the Real Estate  
Commission's (Commission) administration of condominium education  
programs by merging the Condominium Management Education Fund  
established under section 514A-131, Hawaii Revised Statutes (HRS),  
into the Condominium Education Trust Fund (Fund) established under  
section 514B-71, HRS.

This bill also requires the Commission to:

- (1) Include the following information in its annual Fund  
report to the Legislature:
  - (A) The target audience of each Fund program, including  
those directed at the education of individual  
condominium owners; and
  - (B) Amounts paid into the Fund by individual  
condominium owners;

and

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- (2) Make its condominium education publications available to individual condominium owners in both printed and electronic formats.

The Hawaii Independent Condominium and Cooperative Owners and Hawaii Council of Associations of Apartment Owners testified in support of this bill. The Commission provided comments.

Act 164, Session Laws of Hawaii (SLH) 2004, and Act 93, SLH 2005, updated Hawaii's condominium laws and produced two separate statutory chapters governing condominiums (Chapters 514A and 514B, HRS). This legislation also resulted in the Commission's administration of two funds, one in Chapter 514A, HRS, and one in Chapter 514B, HRS, with the identical purposes of financing or promoting:

- (1) Education and research in the fields of condominium management, condominium project registration, and real estate;
- (2) Improvements in the administration of associations; and
- (3) Expeditious and inexpensive procedures for resolving association disputes.

Management of both funds is administratively burdensome, requiring the Commission to separately budget, plan, and account for the receipts and expenses of each fund. This bill attempts to eliminate any confusion and unnecessary burdens stemming from the existence of both funds.

Your Committee has amended this bill by:

- (1) Amending the violations and Commission enforcement statutes under the Chapter 514A, HRS, condominium law to restore:
  - (A) References to section 514A-2, HRS, relating to the applicability of Chapter 514A, HRS, in relation to other laws; and
  - (B) The violation under section 514A-134, HRS, of filing false statements with the Commission, by any association of apartment owners, its officers, its board of directors, or its agents;



- (2) Eliminating the provision requiring the Commission to make its condominium education publications available to individual condominium owners in both printed and electronic formats; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

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. 1107, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1107, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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



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ROBERT N. HERKES, Chair



