

STAND. COM. REP. NO.

157

Honolulu, Hawaii

FEB 11 2013

RE: S.B. No. 505
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 505 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose and intent of this measure is to specify that a percentage of fees paid into the condominium education trust fund shall be used to support mediation of condominium related disputes.

Your Committee received testimony in support of this measure from the Community Associations Institute Hawaii Chapter, Mediation Center of the Pacific, and one individual. Your Committee received testimony in opposition to this measure from the Hawaii Real Estate Commission. Your Committee received comments on this measure from the Hawaii State Judiciary and one individual.

Your Committee finds that mediation can be a consumer friendly way of resolving condominium related disputes. However, the lack of subsidized mediation programs may discourage individuals from seeking access to mediation services. Your Committee further finds that condominium associations and developers in the State pay into the condominium education trust fund through periodic registration fees. Dedicating a portion of the fees paid into the condominium education trust fund to support mediation of condominium related disputes will directly benefit the entire condominium community. This will also ensure that

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condominium owners have access to the services of high quality mediators, including retired judges, who have extensive subject matter expertise.

Your Committee also finds that providing a robust mediation opportunity for condominium owners throughout the State should be encouraged, as it is a useful way of resolving condominium related disputes before adversarial legal action is considered.

Your Committee has amended this measure by:


- (1) Adding support for mediation of condominium related disputes as one of the educational purposes that shall be supported by the condominium education trust fund;
- (2) Beginning with the July 1, 2015, biennium registration, imposing an additional annual condominium education trust fund fee dedicated to supporting mediation of condominium related disputes and specifying the total fee payable into the condominium education trust fund;
- (3) Requiring the Real Estate Commission to make adjustments to the condominium education trust fund to ensure adequate funds are available for mediation of condominium related disputes and any mediation requests are fully accommodated prior to the commencement of the additional annual condominium education trust fund fee;
- (4) Specifying that the Department of Commerce and Consumer Affairs Professional and Vocational Licensing Division's budget ceiling shall be amended to reflect the additional annual condominium education trust fund fee;
- (5) Specifying that as of June 30 of every odd-numbered year, any unexpended amounts of the additional fees paid into the condominium education trust fund and dedicated to supporting mediation of condominium related disputes shall be used to support other educational purposes;
- (6) Updating section 1 of this measure to reflect its amended purpose;
- (7) Inserting an effective date of July 1, 2013; and



- (8) 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. 505, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 505, S.D. 1, and be referred to the Committee on Ways and Means.

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

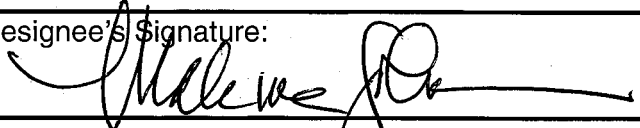


ROSALYN H. BAKER, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 505	CPN, WAM	2-1-13		
<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
BAKER, Rosalyn H. (C)	✓			
GALUTERIA, Brickwood (VC)				✓
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
TANIGUCHI, Brian T.				✓
WAKAI, Glenn	✓			
SLOM, Sam				✓
TOTAL	4			3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes