

STAND. COM. REP. NO.

1276

Honolulu, Hawaii

APR 03 2017

RE: H.B. No. 243
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health, to which was referred H.B. No. 243, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify that unit renters are prohibited from serving as a board member of a condominium association.

Prior to holding a hearing on this measure, your Committee made available for public review a proposed S.D. 1 of this measure. The proposed S.D. 1 deleted the contents of this measure and inserted provisions that repeal chapter 514A, Hawaii Revised Statutes, relating to condominium property regimes, on January 1, 2019, and ensures that all condominiums in the State are governed under chapter 514B, Hawaii Revised Statutes, relating to condominiums.

Your Committee received testimony in support of the proposed S.D. 1 from the Hawai'i State Association of Parliamentarians, Associa, and three individuals. Your Committee received testimony in opposition to the proposed S.D. 1 from nine individuals. Your Committee received comments on the proposed S.D. 1 from the Real Estate Commission; Hawaii Council of Association of Apartment Owners; Ekimoto & Morris, LLLC; ARDA Hawaii; and one individual.



Your Committee finds that two condominium chapters are currently maintained: chapter 514A, Hawaii Revised Statutes (chapter 514A), and chapter 514B, Hawaii Revised Statutes (chapter 514B). Chapter 514A is relevant only to condominium property regimes that were created before July 1, 2006, but not yet brought to market for sale. Chapter 514B has applied to all condominiums created within the State since July 1, 2006, and virtually all provisions of chapter 514B that affect the management of condominiums have applied automatically to condominiums in existence before July 1, 2006, the effective date of chapter 514B.

Your Committee further finds that although there are still some condominium projects that were created before July 1, 2006, these projects exist only on paper and have never been built and sold to anyone in the general public. Your Committee notes that the developers of such projects have had more than a decade to bring their condominium projects created under chapter 514A to market. However, the proposed S.D. 1 provides a generous window of opportunity, until January 1, 2019, for these developers to register their projects with the Real Estate Commission and bring the projects to market. Your Committee also finds that the proposed S.D. 1 is needed to eliminate the unnecessary confusion caused by maintaining two condominium chapters under Hawaii law.

Your Committee has heard testimony that an amended cross-reference in the proposed S.D. 1 may inadvertently affect a general excise tax exemption for amounts received by a manager, submanager, or board of directors of a condominium association. Your Committee understands this concern and notes that further discussion on this matter may be needed.

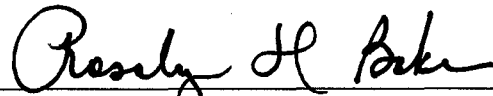
Your Committee has amended this measure by adopting the proposed S.D. 1 and further amending the measure by:

- (1) Including a safe harbor provision, which permits developers of projects registered under chapter 514A to register these projects under chapter 514B by January 1, 2019, and clarifies the process for such registration; and
- (2) 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, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 243, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 243, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

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



ROSALYN H. BAKER, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:* HB243 HD2	Committee Referral: CPH	Date: 3/21/17		
<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)	/			
NISHIHARA, Clarence K. (VC)	/			
CHANG, Stanley	/			
ESPERO, Will				/
IHARA, Jr., Les				/
KIDANI, Michelle N.				/
RUDERMAN, Russell E.	/			
TOTAL	4			3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em; margin-top: 10px;"> Clarence K. Nishihara </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes