

Honolulu, Hawaii

MAR 02 2017

RE: S.B. No. 378

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 S.B. No. 378 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUM PROPERTY REGIMES,"

begs leave to report as follows:

The purpose and intent of this measure is to require the board of directors of a residential condominium that contains twenty or more units to take and satisfactorily complete an online ethics course and examination offered through the Real Estate Commission.

Your Committee received testimony in support of this measure from Hui 'Oia'i'o and four individuals. Your Committee received testimony in opposition to this measure from the Real Estate Commission, Hawaii Council of Association of Apartment Owners, and three individuals. Your Committee received comments on this measure from the Hawai'i State Association of Parliamentarians and one individual.

Your Committee finds that education for condominium owners and boards of directors of condominium associations can help ensure a healthy condominium association. This measure seeks to address the educational component for boards of directors by requiring board members of certain condominium property regimes to take and complete an online ethics course and examination offered through the Real Estate Commission.



However, your Committee has heard the concerns that this measure may have certain unintended consequences. Specifically, your Committee has heard testimony that some condominium associations have experienced difficulties obtaining volunteers to serve on association boards and this measure may further discourage people from volunteering. Your Committee has also heard testimony that although improvement in education amongst condominium owners and condominium boards of directors is needed, the need is not so much for ethics training as it is a need for greater understanding of the overall condominium statute, chapter 514B, Hawaii Revised Statutes.

Your Committee further finds that the Hawaii Council of Community Associations, a private nonprofit advocacy group, produces a weekly live-streaming video show, known as "Condo Insider", which consists of videos designed to educate condominium owners, residents, and board members. Your Committee concludes that a link to these free videos, accessible from the Department of Commerce and Consumer Affairs' website, will provide better access to educational resources that can improve the condominium experience for condominium owners, residents, and board members.

Your Committee has amended this measure by:

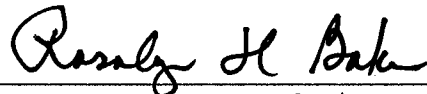
- (1) Requiring the Department of Commerce and Consumer Affairs to include a link on the Real Estate Branch's condominium registration and education website to an educational video program produced by the Hawaii Council of Community Associations;
- (2) Requiring a disclaimer to be added to the website, which specifies that the video program is not produced by the State but is produced as a public service by a private nonprofit advocacy group as a public service to help educate condominium owners, condominium residents, and association board members;
- (3) Deleting language that would have required the board of directors of residential condominiums that contained twenty or more units to take and satisfactorily complete an online ethics course and examination offered through the Real Estate Commission;



- (4) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (5) 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, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 378, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 378, 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.:* SB378	Committee Referral: CPH	Date: 2/23/17		
<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	0	0	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