

STAND. COM. REP. NO.

3076

Honolulu, Hawaii

MAR 22 2018

RE: H.B. No. 1874
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred H.B. No. 1874, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Expand the scope of the Condominium Education Trust Fund to cover voluntary binding arbitration between interested parties;
- (2) Amend the conditions that mandate mediation and exceptions to mandatory mediation; and
- (3) Make conforming amendments.

Your Committee received testimony in support of this measure from the Palehua Townhouse Association and two individuals. Your Committee received testimony in opposition to this measure from two individuals. Your Committee received comments on this measure from the Real Estate Commission.

Your Committee finds that alternative dispute resolution is a viable, affordable option for handling condominium-related disputes. However, under existing law, mediation is only



nominally mandatory and there are few incentives to encourage parties to engage in alternative dispute resolution. Accordingly, this measure expands the scope of the Condominium Education Trust Fund to cover voluntary binding arbitration between interested parties and amends the conditions that mandate mediation and exceptions to mandatory mediation.

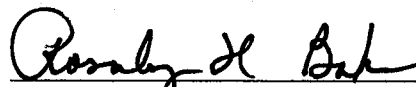
Your Committee further finds that by subsidizing the expense of arbitrations, this measure incentivizes parties to voluntarily choose binding arbitration of condominium-related disputes. Your Committee also finds that pairing evaluative mediation with voluntary binding arbitration is an efficient way of encouraging greater use of alternative dispute resolution when addressing condominium-related disputes, which is consistent with the self-governance theory of the State's condominium law.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2018;
- (2) Inserting a sunset date of June 30, 2023; and
- (3) 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 H.B. No. 1874, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1874, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

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



ROSALYN H. BAKER, Chair



