

STAND. COM. REP. NO. **2301**

Honolulu, Hawaii

FEB 14 2018

RE: S.B. No. 2060
S.D. 1

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

Sir:

Your Committees on Commerce, Consumer Protection, and Health and Judiciary, to which was referred S.B. No. 2060 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

beg 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 Committees received testimony in support of this measure from the Community Associations Institute, Hawaii Chapter; Hawaii Council of Associations of Apartment Owners; and three individuals. Your Committees received testimony in opposition to this measure from Hui 'Oia'i'o. Your Committees received comments on this measure from the Real Estate Commission.

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



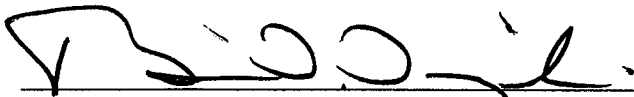
nominally mandatory and there are few incentives to encourage parties to engage in alternative dispute resolution. Accordingly, this measure expands the scope of the Condominium Education Trust Fund to cover voluntary binding arbitration between interested parties and amends the conditions that mandate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

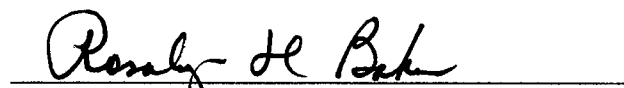
Your Committees further find that by subsidizing the expense of arbitrations, this measure incentivizes parties to voluntarily choose binding arbitration of condominium-related disputes. However, your Committees note that this incentive is contingent upon parties first making the effort to mediate a condominium-related dispute using evaluative mediation techniques. Pairing evaluative mediation with voluntary binding arbitration is an efficient way of encouraging greater use of alternative dispute resolution when addressing condominium-related disputes.

Your Committees have amended this measure by changing its effective date to January 1, 2019.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Health and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2060, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2060, S.D. 1, and be referred to your Committee on Ways and Means.

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


BRIAN T. TANIGUCHI, Chair


ROSALYN H. BAKER, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2060	CPH/JDC, WAM	2/7/18		
<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
TANIGUCHI, Brian T. (C)	✓			
RHOADS, Karl (VC)	✓			
GABBARD, Mike	✓			
KIM, Donna Mercado	✓			
THIELEN, Laura H.				✓
TOTAL	4	0	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Karl Rhoads</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes