

STAND. COM. REP. NO.

840

Honolulu, Hawaii

MAR 1 - 2019

RE: S.B. No. 552  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,  
to which was referred S.B. No. 552 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose and intent of this measure is to revive for one year certain sections of the repealed chapter 514A, Hawaii Revised Statutes, to allow certain developers to continue sales using their chapter 514A, Hawaii Revised Statutes, public reports without revising their governing documents, under specific circumstances.

Your Committee received testimony in support of this measure from the Real Estate Commission, Associa, and American Resort Development Association Hawaii.

Your Committee finds that Act 181, Hawaii Revised Statutes (Act 181), repealed chapter 514A, Hawaii Revised Statutes, relating to condominium property regimes. Act 181 authorized developers to continue sales using their timely reports filed under the now-repealed sections of chapter 514A, Hawaii Revised Statutes, without having to register under chapter 514B, so long as the chapter 514A public reports were active, accurate, and not misleading. However, some, usually smaller, condominium projects were unable to meet Act 181's December 31, 2018, deadline for an automatic transfer of active and accurate projects to chapter



514B, Hawaii Revised Statutes, due to natural disasters and lack of time, resources, and necessary professionals. This measure revives pertinent sections of the repealed statutes for one year to provide these developers an opportunity to update their public reports without revising any of their governing documents, if certain criteria are met.

Your Committee notes the concerns raised in testimony that this measure may have certain unintended consequences on time share plans. Therefore, amendments to the measure are necessary.

Your Committee has amended this measure by:

- (1) Clarifying the citation for the specific statute that requires a developer's public report;
- (2) Clarifying that condominium property regimes are not required to revise governing documents for sales of time share interests in such condominium property regimes;
- (3) Exempting duly registered time share projects from providing developer's public reports to the Real Estate Commission under certain circumstances;
- (4) Inserting an effective date of July 1, 2019; 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. 552, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 552, 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,

  
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ROSALYN W. BAKER, Chair



