

STAND. COM. REP. NO. 520-20

Honolulu, Hawaii

FEB 14 , 2020

RE: H.B. No. 2563

H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2563 entitled:

"A BILL FOR AN ACT RELATING TO PLANNED COMMUNITY ASSOCIATIONS,"

begs leave to report as follows:

The purpose of this measure is to exempt planned community associations from requirements under the Hawaii Nonprofit Corporations Act regarding cumulative voting for directors and the removal of directors elected by members or directors.

Your Committee received testimony in support of this measure from the Hawaii State Association of Parliamentarians, Associa, Hawaii Chapter of the Community Associations Institute Legislative Action Committee, and Hawaii Council for Associations of Apartment Owners. Your Committee received testimony in opposition to this measure from the Law Offices of Mark K. McKellar, LLLC, and seven individuals.

Your Committee finds that the cumulative voting provisions under the Hawaii Nonprofit Corporations Act may be manipulated by planned community association boards of directors to prevent minority groups from attaining representation by simply omitting cumulative voting from the notice. Under the 11th edition of *Robert's Rules of Order Newly Revised*, provisions concerning

HB2563 HD1 HSCR CPC HMS 2020-1106



cumulative voting must be in the bylaws. This measure will clarify that the cumulative voting provisions under the Hawaii Nonprofit Corporations Act do not apply to planned community associations governed under the State's planned community association laws.

Your Committee has amended this measure by changing its effective date to July 1, 2050, to encourage further discussion.

Your Committee notes that stakeholders are collaborating on a draft to be presented to your Committee on Judiciary. Should your Committee on Judiciary choose to hear this measure, your Committee respectfully requests that it consider the draft by the stakeholders.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2563, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2563, H.D. 1, and be referred to your Committee on Judiciary.

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



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ROY M. TAKUMI, Chair



State of Hawaii  
House of Representatives **HSCR 520-20**  
The THIRTIETH Legislature

**Record of Votes of the Committee on Consumer Protection & Commerce**

Bill/Resolution No.: <b>HB 2563</b>	Committee Referral: <b>CPC, JUD</b>	Date: <b>2/12/20</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. TAKUMI, Roy M. (C)	✓			
2. ICHIYAMA, Linda (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. BELATTI, Della Au				✓
5. CABANILLA ARAKAWA, Rida				✓
6. CACHOLA, Romy M.	✓			
7. HAR, Sharon E.				✓
8. KONG, Sam Satoru	✓			
9. MIZUNO, John M.	✓			
10. ONISHI, Richard H.K.	✓			
11. MATSUMOTO, Lauren	✓			
<b>TOTAL (11)</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>3</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u><i>Linda Ichizawa</i></u>				
<b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				