

STAND. COM. REP. NO.

398

Honolulu, Hawaii

FEB 18 2021

RE: S.B. No. 784
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 784 entitled:

"A BILL FOR AN ACT RELATING TO ASSOCIATION GOVERNANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Specify notice requirements for a regular annual or special meeting of a cooperative housing corporation; and
- (2) Allow the annual meetings and election of board members of cooperative housing corporations, planned community associations, and condominium associations to be conducted by videoconferencing in the event of a pandemic or other similar unforeseen circumstance that prevents owners from physically gathering for a meeting.

Your Committee received testimony in support of this measure from Associa, Community Associations Institute, Hawai'i State Association of Parliamentarians Legislative Committee, Hawaii Council of Associations of Apartment Owners dba Hawaii Council of Community Associations, Honolulu Tower AOA, and four individuals. Your Committee received comments on this measure from one individual.



Your Committee finds the coronavirus disease 2019 (COVID-19) pandemic has prevented many, if not most, of the condominium associations whose annual meetings were scheduled after March 16, 2020, from having their annual meetings, due to the prohibition on socially gathering in large numbers and a result of the Governor's emergency proclamation. The COVID-19 pandemic has further established the need for common interest communities to have flexibility regarding meetings. This measure is important to enable these communities to efficiently conduct their business during pandemics and other emergency situations.

Your Committee notes concerns raised in testimony that the amendments to chapter 421I, Hawaii Revised Statutes, proposed by this measure are not necessary, as other sections of Hawaii Revised Statutes already authorize meetings for these entities to be held remotely. Further, the term "video conferencing" may be too restricting and does not correlate with the newest edition of Robert's Rules of Order, which instead uses the term "electronic meetings." Additionally, the applicability of the provisions contemplated by this measure should be limited to official, governmental declarations of emergency to prevent ambiguity and abuse. Therefore, amendments to this measure are necessary to address these concerns.

Your Committee has amended this measure by:

- (1) Deleting sections of the measure that would have made amendments to chapter 421I, Hawaii Revised Statutes;
- (2) Clarifying that, for planned community associations, in the event a state of emergency declared pursuant to chapter 127A, Hawaii Revised Statutes, is in effect in the county in which the association is located that prevents members from physically gathering for an annual meeting or special meeting, the association may conduct the meeting remotely and in a manner consistent with sections 414D-101(g) or 414D-102(f), Hawaii Revised Statutes, as applicable;
- (3) Clarifying that, for condominium association meetings, electronic meetings and electronic or mail voting shall be authorized during any period in which a state of emergency, declared pursuant to chapter 127A, Hawaii

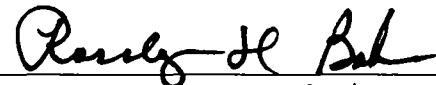


Revised Statutes, is in effect in the county in which the association is located, regardless of what the declaration or bylaws provide;

- (4) Clarifying that a board may permit any meeting to be conducted by any means of communication through which all directors participating may simultaneously hear each other during the meeting; 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 and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 784, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 784, S.D. 1, and be placed on the calendar for Third Reading.

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



ROSALYN H. BAKER, Chair



