

STAND. COM. REP. NO. 3558

Honolulu, Hawaii

**MAR 30 2022**

RE: H.B. No. 2272  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2272, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUM ASSOCIATIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Specify that a condominium declaration may be amended by vote or written consent of unit owners representing at least sixty-seven percent of the common interest, unless the unit owners amend the declaration to require a higher percentage;
- (2) Require a developer's public report to include annual reserve contributions based on a reserve study; and
- (3) Clarify time and date requirements for:
  - (A) Petitions to amend bylaws and calls for special meetings;
  - (B) Electronic, machine, and mail voting during periods of emergency;
  - (C) The time frame for approval of minutes; and



(D) Board meeting participation.

Your Committee received testimony in support of this measure from the Hawai'i State Association of Parliamentarians Legislative Committee; Community Associations Institute; Associa; Porter McGuire Kiakona, LLP; Hawai'i Council of Community Associations; Palehua Townhouse Association; Honolulu Tower AOA; CCV2 Board; Hawai'i Insurers Council; and three individuals. Your Committee received testimony in opposition to this measure from ARDA Hawaii. Your Committee received comments on this measure from Hui 'Oia'i'o and three individuals.

Your Committee finds that remote meeting technology and internet-based electronic election programs have benefited the community association industry, resulting in increased owner participation, accessibility, efficiency, and decreased likelihood of human error. Utilizing these technologies post-pandemic will provide continued opportunities for more owner participation and will ultimately continue to improve the community association industry. Your Committee further finds that, due to a number of concerns raised in testimony, amendments to this measure are necessary to, among other things, address the potential of fraud and abuse with electronic voting technologies and to incorporate stakeholder language to add safeguards and minimize risks when utilizing these technologies.

Your Committee has amended this measure by:

- (1) Deleting language that would have allowed unit owners to require a vote of greater than sixty-seven percent to amend the condominium declaration;
- (2) Inserting language amending section 514B-121(b), Hawaii Revised Statutes, to clarify that:
  - (A) Electronic voting devices shall be isolated from any connection to an external network, including the Internet, or shall use a form of encryption comparable to that used for secured Internet web browsers; and




- (B) The board of directors shall establish reasonable procedures to provide for the integrity of the unit owners' votes, including the availability of a printed audit trail containing a reference number or Internet address of the electronic voting devices;
- (3) Clarifying that electronic meetings and electronic, machine, or mail voting may be authorized by the board of directors in its sole discretion:
  - (A) For any electronic, machine, or mail voting for which notice of voting has been sent; provided that the electronic, machine, or mail voting deadline is within sixty days of the date the notice was first sent; and
  - (B) Whenever approved in advance by written consent of a majority of unit owners or majority vote at an association meeting;
- (4) Specifying that the association shall implement reasonable measures to verify that each person permitted to vote is a member of the association or proxy of a member;
- (5) Clarifying that a board of directors shall notify owners of any rules established concerning owner participation in any deliberation or discussion at board meetings, and that a board may make the rules available to owners on an association website;
- (6) Re-inserting language from the original version of this measure to require that the reserve study shall be performed by an independent, certified reserve study preparer who shall not be affiliated with the managing agent of the association and requiring that the reserve study be prepared or updated at least every three years;
- (7) Inserting an effective date of January 1, 2023; and
- (8) 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 H.B. No. 2272, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2272, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

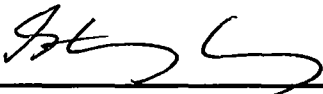
Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,

  
\_\_\_\_\_  
ROSALYN H. BAKER, Chair



The Senate  
 Thirty-First Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:
HB 2272.HD1	CPN	03-18-22
<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
BAKER, Rosalyn H. (C)	✓	
CHANG, Stanley (VC)	✓	
DECOITE, Lynn	✓	
NISHIHARA, Clarence K.		✓
RIVIERE, Gil	✓	
SAN BUENAVENTURA, Joy A.	✓	
FEVELLA, Kurt	✓	
<b>TOTAL</b>	6	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature: 		
<b>Distribution:</b> Original                      Yellow                      Pink                      Goldenrod File with Committee Report      Clerk's Office      Drafting Agency      Committee File Copy		

\*Only one measure per Record of Votes