

Honolulu, Hawaii

APR 07 , 2022

RE: S.B. No. 2685
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which
was referred S.B. No. 2685, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish requirements for cumulative voting for and
removal of directors of planned community associations;
- (2) Exempt planned community associations from certain
requirements regarding cumulative voting and removal of
directors under the Hawaii Nonprofit Corporations Act;
and
- (3) Require boards of directors of planned community
associations, when planning to distribute proxies
without the use of association funds, to post notices of
their intent to distribute written notices for
association meetings at least twenty-one days before
distributing the written notices.



Your Committee received testimony in support of this measure from the Hawai'i State Association of Parliamentarians; Associa; Legislative Action Committee of the Community Associations Institute, Hawaii Chapter; Hawaii Council of Community Associations; and five individuals. Your Committee received testimony in opposition to this measure from one individual.

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. This measure clarifies 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 and specifies provisions specific to planned community associations.

Your Committee notes that written testimony submitted by interested stakeholders to your Committee have requested a delayed effective date of January 1, 2023, to ensure that planned community associations have sufficient notice of the change in the law to allow them to comply with the terms of this measure.

Your Committee has amended this measure by:

- (1) Changing the effective date to January 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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 S.B. No. 2685, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2685, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.



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



AARON LING JOHANSON, Chair



