

Honolulu, Hawaii APR () 7 , 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:

- 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.

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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.



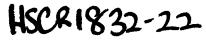
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Respectfully submitted on behalf of the members of the Committee on Consumer Protection & Commerce,

JOHANSON, Chair

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State of Hawaii House of Representatives The Thirty-first Legislature



Record of Votes of the Committee on Consumer Protection & Commerce

| Bill/Resolution No.: SB 2685 SD2 | Committee Referral: | Date: 4 / 5 / 22 | | |
|--|---------------------|---|--|---|
| The committee is reconsidering its previous decision on the measure. | | | | |
| The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit) | | | | |
| CPC Members | Ayes | Ayes (WR) | Nays | Excused |
| 1. JOHANSON, Aaron Ling (C) | | | | |
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| 2. KITAGAWA, Lisa (VC) | | | | |
| n an | | | | |
| 3. AQUINO, Henry J.C. | | | | |
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| 4. HAR, Sharon E. | | | | |
| 5. HASHEM, Mark J. | | | | <u>n de de la contra de 1968</u> |
| J. MANALEIVA, MARK J. | | | | |
| 6. KONG, Sam Satoru | | in antisantisantisan in Antoine Marketer et al. | and Mahamad Adalah di sena di sanan sh | kana se se an animana muni masari ate saka sata t |
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| 7. MIZUNO, John M. | | | n bar an | 2. – uninnenen no statista = 1 − uppa (provinte) (omanista de 100 |
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| 8. MORIKAWA, Dee | | | and the second second second | |
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| 9. ONISHI, Richard H.K. | V | | | |
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| 10. TARNAS, David A. | | | | |
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| 11. MATSUMOTO, Lauren | | | | |
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| TOTAL (11) | 9 | 0 | 0 | 2 |
| The recommendation is: Adopted If joint referral, did not support recommendation. | | | | |
| Vice Chair's or designee's signature: | | | | |
| Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO | | | | |