

STAND. COM. REP. NO. 2941

Honolulu, Hawaii

MAR 04 2022

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

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

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 2685, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish requirements for cumulative voting and the removal of directors of planned community associations; and
- (2) Exempt planned community associations from certain requirements regarding cumulative voting for and the removal of directors under the Hawaii Nonprofit Corporations Act.

Your Committee received testimony in support of this measure from the Hawai'i State Association of Parliamentarians; Legislative Action Committee of the Community Associations Institute, Hawaii Chapter; Hawaii Council for Association of Apartment Owners; Lualualei Association; Villages of Kapolei Association; Law Offices of Mark K. McKellar, LLC; Associa; and three individuals. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from three 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 meeting notices. 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 making mandatory the assumption that in computing whether a director is protected from removal, the votes against removal are cast in an election for the number of directors to the class to which the director to be removed belonged at the meeting at which the removal is proposed.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2685, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2685, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,



KARL RHOADS, Chair



