

STAND. COM. REP. NO.

1302

Honolulu, Hawaii

, 2023

MAR 17

RE: S.B. No. 729

S.D. 1

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 729, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO BOARD MEMBERS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish the Cooperative Housing Corporation Education Trust Fund and Planned Community Association Education Trust Fund;
- (2) Require cooperative housing corporations and planned community associations with five or more units to register with the Real Estate Commission and pay applicable fees;
- (3) Require members of boards of directors of cooperative housing corporations, planned community associations, and condominium associations to certify the receipt and review of certain corporation or association documents and relevant laws and rules and complete a board leader course approved by the Real Estate Commission;

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- (4) Expand the duties of the Real Estate Commission to include approving and administering board leadership courses; and
- (5) Authorize monies in the Condominium Education Trust Fund to be used for the educational requirements for condominium association board members.

Your Committee received testimony in support of this measure from the Hawaii Council of Associations of Apartment Owners; Legislative Action Committee of the Community Associations Institute, Hawaii Chapter; Hui 'Oia'i'o; and six individuals. Your Committee received testimony in opposition to this measure from the Real Estate Commission; Honolulu Tower Association of Apartment Owners; Hawaii State Association of Parliamentarians; Law Offices of Mark K. McKellar, LLC; Waikoloa Village; Princeville at Hanalei Community Association; and eleven individuals. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that existing law is silent in regard to ensuring that members of the boards of directors for cooperative housing corporations, planned community associations, and condominium associations are knowledgeable about the corporation's or association's articles of incorporation, bylaws, rules, regulations, or other pertinent documents. Your Committee believes that members of boards of directors must have pertinent knowledge about their authority and duties to better serve the association or corporation they represent.

However, your Committee notes that before the State can mandate certain requirements across the board for cooperative housing corporations, planned community associations, and condominium associations, a comprehensive study on compiling the regulatory authority over these associations and corporations under one entity is needed.

Accordingly, your Committee has amended this measure by:

- (1) Deleting language that would have:
 - (A) Established the Cooperative Housing Corporation Education Trust Fund and Planned Community Association Education Trust Fund;



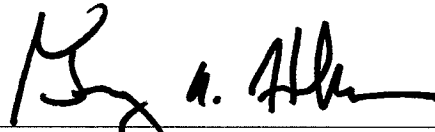
- (B) Required cooperative housing corporations and planned community associations to register with the Real Estate Commission and pay applicable fees; and
 - (C) Required board members of cooperative housing corporations and planned community associations to certify the receipt and review of certain corporation or association documents and relevant laws and rules and complete a board leader course;
- (2) Clarifying that the board leadership courses the Real Estate Commission must approve and administer include online training courses;
 - (3) Specifying that the written certification and board leader course completion requirements for board members take effect on July 1, 2024;
 - (4) Specifying that all board members of a condominium association who are actively serving a term of office on a board before July 1, 2024, shall:
 - (A) Certify the receipt of certain laws and documents by September 29, 2024; and
 - (B) Complete a board leadership course by July 1, 2025;
 - (5) Making completion of a board leadership course optional for board members for condominium projects or associations with fifty condominium units or less;
 - (6) Changing the effective date to June 30, 3000, to encourage further discussion; and
 - (7) 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 Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 729, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 729, S.D. 1, H.D.



1, and be referred to your Committee on Consumer Protection & Commerce.

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



TROY N. HASHIMOTO, Chair



