

STAND. COM. REP. NO. 3481

Honolulu, Hawaii

APR 03 2024

RE: H.B. No. 2318  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2318, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII NONPROFIT CORPORATIONS ACT,"

begs leave to report as follows:

The purpose and intent of this measure is to exempt planned community associations and condominium associations from the quorum and voting requirements established under the Hawaii Nonprofit Corporations Act.

Your Committee received testimony in support of this measure from the Hawai'i State Association of Parliamentarians, Palehua Townhouse Association, and one individual.

Your Committee received testimony in opposition to this measure from one individual.

Your Committee finds that the quorum and voting provisions of the Hawaii Nonprofit Corporations Act, which apply to all planned community associations and condominium associations that have incorporated as nonprofit corporations, essentially consider the abstention from a vote to be the mathematical equivalent of a "no" vote. As a result, many smaller or limited-size planned community association and condominium association boards have been hampered

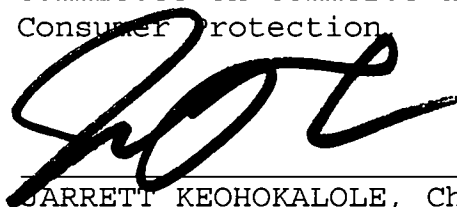


in their ability to carry out actions on behalf of the unit owners that they represent, especially in situations where multiple directors must abstain from a vote based on actual or perceived conflicts of interest. Therefore, this measure would separate the voting requirements for planned community association and condominium association boards from the voting requirements for boards under the Hawaii Nonprofit Corporations Act, to improve these boards' self-governance and provide them greater flexibility in their decision-making processes.

Your Committee has amended this measure by inserting an effective date of July 1, 2040, to encourage further discussion.

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. 2318, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2318, 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.



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JARRETT KEOHOKALOPE, Chair



