

STAND. COM. REP. NO.

2749

Honolulu, Hawaii

FEB 29 2024

RE: S.B. No. 2404
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 S.B. No. 2404 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Prohibit the use of proxies in condominium association voting;
- (2) Require associations to allow members to vote by mail and attend and cast votes in association meetings through internet, teleconference, or other electronic transmission technology; and
- (3) Require associations to mail out paper ballots before any annual or other periodic election of board members.

Your Committee received testimony in support of this measure from the District 25 Council of the Democratic Party of Hawai'i, Ala Moana-Kaka'ako Neighborhood Board No. 11, Chamber of Sustainable Commerce, Kokua Council, and twelve individuals.

Your Committee received testimony in opposition to this measure from Hawaii First Realty LLC; Community Associations Institute; Hawai'i State Association of Parliamentarians; Palehua



Townhouse Association; Honolulu Tower AOA; AOA Lakeview Sands; Law Offices of Mark K. McKellar, LLC; and sixteen individuals.

Your Committee received comments on this measure from one individual.

Your Committee finds that condominium association voting is essential to providing unit owners with a critical opportunity to hold association board members accountable and otherwise having their voices heard. Your Committee also finds that while proxy voting can be useful in allowing a unit owner who is physically unable to participate in an election to cast their vote through another person, it can also create additional challenges for the organizing of elections, which can unfortunately lead to disputes over an election's validity.

Notwithstanding, your Committee has heard the concerns raised in testimony, including the questions regarding the State's role in prohibiting condominium associations from deciding for themselves whether they should use proxies, as proposed by this measure in its current form. Therefore, amendments to this measure are necessary to address these concerns.

Accordingly, your Committee has amended this measure by:

- (1) Deleting its contents and inserting language that repeals section 514B-123(e)(1)(C), Hawaii Revised Statutes, which requires a standard proxy form authorized by the association to contain a box wherein an owner may indicate that the proxy is given to the board as a whole and that the vote is to be made on the basis of the preference of the majority of the directors present at the meeting;
- (2) Inserting an effective date of July 1, 2040, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 S.B. No. 2404, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2404, 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,




JARRETT KEOHOKALOLE, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB2404	CPN	2/9/24		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"				✓
AWA, Brenton	✓			
TOTAL	4			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes