

ACT 43

S.B. NO. 2726

A Bill for an Act Relating to Condominiums.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that Act 189, Session Laws of Hawaii 2023, established the condominium property regime task force, which met on September 11, 2023; October 27, 2023; November 30, 2023; and December 14, 2023, to develop recommendations as part of its interim report to the legislature before the start of the regular session of 2024. Task force members sought and received information from the department of commerce and consumer affairs and several members of the public submitted written testimony and presented oral comments during hybrid remote and in-person meetings held by the task force. Links to the task force meetings and written materials are posted on the department of commerce and consumer affairs' website and are linked to the legislature's website.

The purpose of this Act is to:

- (1) Implement the request by the condominium property regime task force to require the legislative reference bureau to conduct a study on certain condominium subjects; and
- (2) Extend the deadline for the final report and the cease date for the condominium property regime task force to June 30, 2026.

SECTION 2. (a) The legislative reference bureau shall study and submit a report on the approaches employed by certain other states regarding the following condominium subjects:

- (1) A condominium ombudsman or similar position to specifically oversee condominiums;
 - (2) Required licenses for individuals involved in the management of condominiums;
 - (3) The availability of dedicated alternative dispute resolution or similar programs that are specifically for the prevention or resolution of condominium-related disputes and are separate from alternative dispute resolution programs available for other disputes;
 - (4) Governmental regulation and enforcement of condominium operations and governance that are separate from an ombudsman referenced in paragraph (1);
 - (5) Requirements for owner education at the point of sale of a unit; and
 - (6) Requirements for owner access to condominium documents.
- (b) To the extent feasible, each subject shall include:
- (1) Descriptive information detailing the approach of each jurisdiction;
 - (2) Identified strengths and weaknesses of each particular approach; and
 - (3) Identified best practices in the jurisdiction.
- (c) The jurisdictions to be studied shall be:
- (1) California;
 - (2) Delaware;

- (3) Florida;
- (4) Massachusetts;
- (5) Nevada; and
- (6) Any other jurisdiction deemed relevant by the legislative reference bureau.

(d) The legislative reference bureau shall submit the report to the legislature and the condominium property regime task force no later than twenty days prior to the convening of the regular session of 2026.

SECTION 3. Act 189, Session Laws of Hawaii 2023, section 3, is amended by amending subsections (e) and (f) to read as follows:

“(e) The task force shall submit a final report of its findings and recommendations, including any proposed legislation, to the legislature no later than ~~[twenty days prior to the convening of the regular session of 2025.]~~ June 30, 2026.

(f) The task force shall cease to exist on June 30, ~~[2025.]~~ 2026.”

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$200,000 or so much thereof as may be necessary for fiscal year 2024-2025 for the legislative reference bureau to conduct a study of condominium subjects in other states as specified in section 2 of this Act.

The sum appropriated shall be expended by the legislative reference bureau for the purposes of this Act.

SECTION 5. There is appropriated out of the condominium education trust fund established pursuant to section 514B-71, Hawaii Revised Statutes, the sum of \$150,000 or so much thereof as may be necessary for fiscal year 2024-2025 for the legislative reference bureau to conduct a study of condominium subjects in other states as specified in section 2 of this Act; provided that the director of commerce and consumer affairs may substitute the means of financing of some or all of this appropriation from the condominium education trust fund to any other source of funding available to the director of commerce and consumer affairs that may be used to fund some or all of the study required under this Act.

The sum appropriated shall be transferred by the real estate commission to the legislative reference bureau to expend on the study required under this Act; provided that:

- (1) The legislative reference bureau shall not commence or execute any aspect of the study until the moneys appropriated under this section have been transferred from the real estate commission to the legislative reference bureau; and
- (2) Any moneys from this appropriation not encumbered or expended by the legislative reference bureau for the purposes of this Act that remain on balance on June 30, 2026, shall lapse to the credit of the condominium education trust fund established pursuant to section 514B-71, Hawaii Revised Statutes.

SECTION 6. The legislative reference bureau may contract the services of a consultant with the funds appropriated in this Act. The contracting of services under this Act shall be exempt from chapter 103D, Hawaii Revised Statutes.

SECTION 7. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 8. This Act shall take effect on July 1, 2024.

(Approved May 30, 2024.)