

Honolulu, Hawaii

APR 05 2016

RE: H.B. No. 1541
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health, to which was referred H.B. No. 1541, H.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 make the proxy statement requirements for planned community associations conform to proxy statement requirements for condominium associations.

Your Committee received testimony in support of this measure from the Hawai'i State Association of Parliamentarians, Palehua Townhouse Association, Hawaii Council of Associations of Apartment Owners, Associa, and one individual. Your Committee received testimony in opposition to this measure from one individual.

Your Committee finds that this measure is intended to address certain concerns related to proxy statements associated with planned community associations in Hawaii by conforming proxy statement requirements for these associations with proxy statement requirements applicable to condominium associations. This measure is intended to promote more communication from prospective board of directors candidates to all owners when proxies are used for elections of directors; reduce management errors by standardizing the proxy form used by planned community associations; and ensure that managing agents, resident managers, or employees thereof do



not solicit or cast any proxy vote at association meetings for the same association that employs their services.

However, your Committee has heard concerns that conforming proxies for planned community associations with condominium association proxy requirements may not be appropriate in all circumstances. For example, requiring planned community associations to mail out proxy statements to all owners when proxies are used for elections may be costly, as planned community associations are often much larger than condominium associations and may consist of thousands of homes. Your Committee understands these concerns and concludes that a more practical and cost-effective solution for communicating longer proxy statements would be to notify planned community association members that a longer statement will be available on the Internet.

Accordingly, your Committee has amended this measure by:

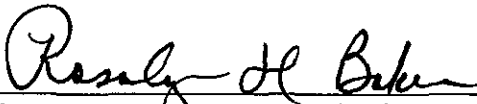
- (1) Clarifying that if a board's notice of intent to distribute proxies states that a statement shall not exceed one hundred words, but a longer statement shall be available on the Internet, then:
 - (A) The owner may provide a written statement, not to exceed one hundred words, together with a longer statement in an electronic file not to exceed one hundred kilobytes; and
 - (B) The mailing of the written statements by the association shall include an internet link informing owners that longer statements shall be available on the Internet;
- (2) Specifying that in all other instances, the statement shall not exceed one single-sided, eight and one-half inches by eleven inch page and the association shall not be required to make a longer statement available on the Internet;
- (3) Amending its effective date to upon approval; provided that the proxy statement requirements shall apply to proxies for meetings of a planned community association that occur on or after October 1, 2016, to give planned community association boards adequate time to transition to the new requirements; and



- (4) 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, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1541, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1541, 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, Consumer
Protection, and Health,




ROSALYN H. BAKER, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1541, HD1	CPH	4-1-16		
<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
BAKER, Rosalyn H. (C)	/			
KIDANI, Michelle N. (VC)	/			
ESPERO, Will	/			
IHARA, Jr., Les				/
NISHIHARA, Clarence K.	/			
RUDERMAN, Russell E.				/
SLOM, Sam				/
TOTAL	4			3
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