

STAND. COM. REP. NO.

3012

Honolulu, Hawaii

MAR 21 2018

RE: H.B. No. 2118
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred H.B. No. 2118, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose and intent of this measure is to allow a condominium board to borrow money for the installation of equipment for the health and safety of residents, in the event of a government mandate to install such equipment, without the consent of owners where at least twenty percent of owners reside outside of the United States.

Your Committee received testimony in support of this measure from the State Fire Council, Honolulu Fire Department, Oahu County Committee on Legislative Priorities Committee of the Democratic Party of Hawai'i, Hawaii Council of Associations of Apartment Owners, Palehua Townhouse Association; and two individuals. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from Hui 'Oia'i'o.

Your Committee finds that the devastating Marco Polo condominium fire in June 2017 highlighted the dangers of fires in buildings without fire sprinklers. Your Committee notes that automatic fire sprinkler systems have been proven to save lives



and property and, when installed and properly maintained, can substantially reduce death rates and property loss.

Your Committee further finds that in the aftermath of the Marco Polo fire, the Honolulu City Council established the Residential Fire Safety Advisory Committee to recommend changes to City ordinances relating to the fire code and suggest ways that high-rise residential buildings could be made safer for residents and first responders. According to testimony received by your Committee, one of the challenges faced by the Residential Fire Safety Advisory Committee was how to assist condominium associations who wished to borrow funds necessary for fire sprinkler retrofitting. Under existing state law, borrowing such funds requires the consent of fifty percent of the ownership interest, which can be a challenging threshold to meet, particularly when many owners of a condominium association reside outside the United States.

Your Committee notes that this measure does not lower the threshold for borrowing money for any type of expenditure associated with the common elements of a condominium merely because twenty percent of the condominium's owners reside outside the country. Rather, this measure establishes a narrowly-tailored exception to the fifty percent requirement by specifying that, in the event of a government mandate and where at least twenty percent of condominium owners reside outside of the country, the board of directors of a condominium association shall not be required to obtain the consent of the owners prior to borrowing money to pay for the government-mandated installation of equipment or improvements to the common elements of the condominium for the health and safety of residents.

Your Committee has amended this measure by:

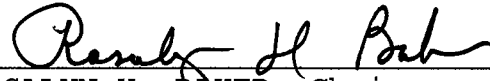
- (1) Changing its effective date to July 1, 2018; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

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. 2118, H.D. 1, as amended herein,



and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2118, H.D. 1, S.D. 1, and be referred to your Committee on Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,



ROSALYN H. BAKER, Chair



