

STAND. COM. REP. NO. 2041

Honolulu, Hawaii
, 2025

RE: S.B. No. 146
S.D. 1
H.D. 2

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred S.B. No. 146, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose of this measure is to amend the conditions and procedures of alternative dispute resolution methods for condominium-related disputes, including the use of evaluative mediation or binding arbitration.

Your Committee received testimony in support of this measure from the Community Associations Institute and Hawaii First Realty. Your Committee received testimony in opposition to this measure from the Law Offices of Mark K. McKellar, LLC; Hawaii Council of Community Associations; and numerous individuals. Your Committee received comments on this measure from the Hawai'i Real Estate Commission and one individual.

Your Committee finds that condominium-related disputes, including issues related to delinquent assessments, enforcement of declarations and bylaws, and violations of house rules, often lead to prolonged litigation, increased costs, and a burden on the court system. This measure seeks to reduce the financial burden on condominium associations and unit owners, expedite

dispute resolution, and ensure that Hawaii's condominium community benefits from more accessible and cost-effective legal processes.

Your Committee has amended this measure by:

(1) Requiring each party to a binding arbitration to pay a fee of \$150 to the arbitrator, except under certain circumstances;

(2) Clarifying that an arbitrator must have at least five years of experience as a licensed attorney;

(3) Clarifying the circumstances under which a mediation agreement is voidable if certain disclosures are not made; and

(4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 146, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 146, S.D. 1, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,

DAVID A. TARNAS, Chair

