



## 2019 End of Session Report

Community Associations Institute's (CAI) Hawaii Legislative Action Committee (HI LAC) had two very specific legislative priorities this session. First, to address a 2018 decision by the Hawaii Intermediate Court of Appeals (ICA) concerning non-judicial foreclosure. Second, to address problems arising from the 2018 passage of a bill preventing the adoption of condominium priority of payment policies. Both priorities were achieved. Efforts to undermine condominium self-governance were present early in the session but did not advance thanks to CAI members who volunteered hundreds of collective hours to review bills, draft testimony, work with the LAC's lobbyists, meet with legislators and other decision-makers, and testify for and against bills. Nearly 4,000 bills were introduced, and the HI LAC tracked 110 bills. Below is a brief list of legislative highlights. Act numbers appear where available at the time of this writing:

### Bills that Passed

- **Non-Judicial Foreclosure (SB 551 SD1 HD2 CD1)** - The legislature expressed its intention that condominium associations are authorized to conduct non-judicial foreclosures regardless of the presence or absence of power of sale language in their project documents. A 2018 ICA opinion held that power of sale language must be present within an association's governing documents or in some other agreement with owners before non-judicial foreclosure procedures can be used, and this bill addresses that holding. This bill appeared on the Governor's Intent to Veto list but, due to the efforts of many, and nearly 80 emails calling on the Governor to allow this bill to become law, it was not actually vetoed.
- **Priority of Payments (HB 61 HD1 SD2 CD1) [Act 192]** – Condominium priority of payment policies were prevented by legislation passed in 2018. Priority of payment policies are re-authorized subject to certain criteria.
- **Electronic Voting (SB 1288 SD1) [Act 14]** - The use of electronic voting devices is authorized in condominium meetings provided that specific criteria are met.
- **Retention of Proxies, Ballots, etc. (SB 725 SD1) [Act 7]** – Proxies, tally sheets, ballots, check-in lists, and the certificate of election shall be kept for a minimum of 90 (rather than 30) days following a condominium election; and, if the election outcome is contested, the documents shall be kept until the contest is resolved.
- **Investment of Condominium Funds (SB 1325) [Act 27]** - The condominium statute was amended to clarify that funds may be invested in a government money market fund.
- **Building Applied/Integrated Photovoltaics, including photovoltaic windows and skylights (SB 272 HD2 CD1) [Act 243]** - In a harbinger of technological development and things to come, solar energy devices that owners may be allowed to install now include (without limitation) photovoltaic windows and skylights. *Passive* solar skylight and windows (that do not generate electricity) are not solar energy devices.
- **Incentives to Install Electric Vehicle Charging Stations (HB 1585 HD1 SD2 CD1) [Act 142]**-Incentives to install electric vehicle charging stations, in the form of rebates, are established. LAC supports incentives. LAC has previously opposed unworkable *mandates* with respect to electric vehicle charging stations. (NOTE: A surcharge to register an electric vehicle also passed [SB 409 SD2 HD1 CD1] to make

up for lower gasoline tax receipts that go to the State Highway Fund. Thinking further ahead, the legislature also requested that an autonomous vehicle legal preparation task force be convened to prepare for the arrival of such vehicles.)

- **Revival of Chapter 514A for One Year (SB 552 SD1 HD2 CD1) [Act 223]**- Developers have been given one additional year to bring projects to market that were approved under the now-repealed prior condominium law.
- **Transient Accommodation Tax (SB 1292 SD2 HD3)** - Hosting platforms for transient accommodation rentals may register as tax collection agents. This addresses the state's interest in collecting transient accommodation taxes. It does not address concerns about the proliferation of transient accommodation rental units. **[Vetoed]**
- **Fire Sprinkler Systems (SCR3 SD1 HD1)**- this Senate Concurrent Resolution resolves that there should be a task force to study the costs of installing fire sprinkler systems in new one-and two-family dwellings. While this may not directly affect associations, it is a hot topic to follow, particularly considering separate action by the City and County of Honolulu relating to fire sprinklers.
- **Decriminalization of Three Grams of Marijuana (HB 1383 HD2 SD1 CD1)** - Associations may wish to review their smoking policies after decriminalization of possession of small amounts of marijuana.
- **Handyman Exception to Contractor Licensing Law (SB 767 SD1 HD1 CD1)**-The amount allowed under the "handyman" exemption to the contractor license law has been increased to \$1,500 for labor and materials. "Taxes, and all other items" have been eliminated from that price calculation.

These and other bills will be thoroughly discussed at the July 18, 2019 Legislative Update Seminar. For more information on the HI LAC's activities and community association legislation in Hawaii, visit [www.caionline.org/HILAC](http://www.caionline.org/HILAC).

### Your Assistance is Needed

The CAI Hawaii LAC uses a professional, paid lobbyist as a vital and integral part of the legislative process. As volunteers, CAI LAC members significantly rely on this highly effective professional representation. To help fund the CAI LAC advocacy activities in 2019 and beyond, donations are vital to our continued successes. We encourage donations from Hawaii community associations and individuals. Please visit [www.caionline.org/lacdonate/](http://www.caionline.org/lacdonate/) and donate to "Hawaii" to support our continued efforts.

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