

February 15, 2023



Rep. Mark M. Nakashima, Chair  
Rep. Jackson D. Sayama, Vice Chair  
Committee on Consumer Protection & Commerce  
Wednesday, February 15, 2023  
2:00 pm  
Via Videoconference

RE: **HB381 HD1** Relating Chapter 457J (**Oppose or Amend**)

Dear Chair Nakashima, Vice Chair Sayama & Committee Members,

The Chamber of Sustainable Commerce testifies in **opposition to HB381 HD1**, which repeals the sunset date of Act 196, Session Laws of Hawaii 2018, that allows for voluntary binding arbitration for condominium related disputes and amended the conditions for mediation.

As business owners who believe we can strengthen our economy without hurting workers, consumers or the environment, we also believe consumer protection laws should protect consumers – not create systems that subject consumers to further financial injury. One of the reason the legislature creates a sunset date on new laws it passes is to beta test the theory of the proposed solution embedded within; the data collected over the last four years demonstrates that arbitration/mediation mandate in Act 196 offered no increased protections for consumers, nor did not deter behavior that instigated the conflict at the root of arbitrated complaint.

This committee has the opportunity to enact cost-effective laws that can offer real consumer protections to condo owners. The measure title of HB381 is broadly worded and can include inserting a step before arbitration/mediation. **Amending HB381 HD1 to include the creation of a state ombudsman** for condo-owners and associations. Most conflicts arise from non-compliance with state laws and rules – not a dispute of facts that need to be adjudicated by an arbitrator, mediator or judge. The ombudsman can easily curtail conflicts by ensuring that all parties understand which laws/rules take precedence in a particular dispute.

All condo-owners already pay a specific fee to the state that is remitted via their condo association; this fee is supposed to be used for condo law education and can be used for the ombudsman position/s. This will be cost-effective for condo owners and associations who would have spent money on attorneys for arbitration.

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<b>Hawaii Legislative Council</b>	Maile Meyer Na Mea Hawaii Honolulu	Russel Rudderman Island Naturals Hilo / Kona	Tina Wildberger Kihei Ice Maui	Joell Edwards Wainiha Country Market Kauai	Kim Coco Iwamoto AQuA Rentals, LLC Honolulu
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