

April 1, 2023

Rep. Kyle T. Yamashita, Chair
Rep. Lisa Kitagawa, Vice Chair
Committee on Finance
Tuesday, April 4, 2023
3:00 pm
Via Videoconference



RE: **SB729 HD2** Relating to Board Members (**Support only with Amendments**)

Dear Chair Yamashita, Vice Chair Kitagawa & Committee Members,

The Chamber of Sustainable Commerce (CSC) testifies with conditional support of SB729 HD2, which requires the auditor to conduct a sunrise analysis on the proposed regulatory controls for members of condominium association boards of directors and requires the real estate commission to develop a curriculum to be made available to board members of a condominium association.

As business owners who strive for a triple bottom line and know we can strengthen our economy without hurting workers, consumers, or the environment, we urge this committee to **amend SB729 back to its original form** because we already know that too many homeowners are being hurt by negligent board members and the legal remedies are costly, inadequate and perpetuate the dysfunction.

The issue to be audited by the HD2 has already been researched in 1989 and nothing has changed since then. In fact, testimony in opposition to this current bill includes admissions from current board members who admit they find it impossible to read the laws, rules, and governing documents – which they are legally bound to comply with.

The opposition argues that these “unreasonable requirements” would discourage homeowners from volunteering to serve as board members; of course, that is the point of this bill: those who would thwart their fiduciary duty, should be discouraged from serving as board members. Regrettably, Director & Officer Insurance covers these board members’ malfeasance so there is no incentive to take personal responsibility; ironically, those who are injured by any negligence pay for the insurance, the collateral damage, and the attorneys. To make matters worse, it’s almost impossible to unseat a negligent board member because of their access to restricted contact information of homeowners.

The state requires those that get behind the wheel to have a license – to demonstrate they know the laws of the road and can operate a vehicle. When homeowners can be injured by a negligent board member, it is not unreasonable to require board members to attest that they have read the governing laws and documents.

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