



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 595

PRINTERS NO. 627

PRIME SPONSOR: R. Brown

COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
General Fund	\$0	See fiscal impact

SUMMARY: House Bill 595, printer's number 627, amends Title 68 (Real & Personal Property) of the Pennsylvania Consolidated Statutes, to provide for definitions, mediation or alternative dispute resolution for complaints regarding condominiums, cooperatives, or planned communities and providing for complaints filed with the Bureau of Consumer Protection in the Office of Attorney General.

Effective date is 60 days after enactment.

ANALYSIS: The bill amends Title 68 by adding a number of sections to specifically provide for the types of complaints that can be filed with the Bureau of Consumer Protection regarding planned communities, cooperatives and condominiums. The bill requires planned communities, cooperatives and condominiums to develop mediation or alternative dispute resolution procedures through their bylaws for unit owners/proprietary lessees and associations to attempt to resolve disputes related to association meetings, quorums, voting and proxies, and association records. Mediation or alternative dispute resolution shall be limited to disputes where all parties agree to mediation or alternative dispute resolution. Complaints may be filed with the Bureau of Consumer Protection by unit owners in good standing or proprietary lessees in good standing but not until the earlier of the unit owner or proprietary lessees exhausting the mediation or alternative dispute resolution procedures without a resolution or at least 100 days since the commencement of mediation or alternative dispute resolution without reaching a resolution. A complaint may be filed immediately if mediation or alternative dispute resolution procedures are not available or the association for the condominium, cooperative or planned community refuses mediation or alternative dispute resolution.

Costs and fees associated with mediation or alternative dispute resolution, excluding attorney fees, shall be assessed equally against all parties to a dispute.

Specific language is added to clarify that nothing in the bill shall be construed to affect or impair the right of a unit owner, proprietary lessee, declarant or association to pursue a private cause of action or seek other relief.

FISCAL IMPACT: The enactment of this legislation may increase costs to the Commonwealth if there is a measurable increase in governance-related complaints that are filed with the Bureau of Consumer Protection. Under current law, complaints can only be filed with the Bureau of Consumer Protection if an association doesn't file financial records. The number of complaints filed with the Bureau of Consumer Protection has varied significantly from year to year (e.g. 114 complaints in 2011 versus 41 complaints in 2015). The bill broadens the type of governance complaints that can be filed with the Bureau of Consumer Protection, but the Office of Attorney General is not able to reliably estimate the number of additional complaints that may be filed. Approximate salary, benefits and operating costs for each Bureau of Consumer Protection consumer protection agent or deputy attorney general that may have to be added if there is a significant increase in complaints filed ranges from \$120,000 to \$170,000 annually, including one-time costs of \$6,400 for office equipment/furniture. If there is not a significant increase in governance-related complaints filed by unit owners/proprietary lessees in good standing, the additional duties can be accommodated within current resources of the Bureau of Consumer Protection.

PREPARED BY: Lisa Taglang
House Appropriations Committee (R)

DATE: April 18, 2017

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.