

STAND. COM. REP. NO. 1467-06

Honolulu, Hawaii

April 5, 2006

RE: S.B. No. 2454  
S.D. 1  
H.D. 2

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2454, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO OUT-OF-STATE SALES OF TIME SHARE INTERESTS,"

begs leave to report as follows:

The purpose of this bill is to facilitate sales of time shares in Hawaii to buyers outside of the United States by:

- (1) Allowing "foreign time share plans" (plans), plans containing Hawaii units and promoted for sale only outside the United States, to obtain an exemption from the time share law;
- (2) Requiring the developer to obtain an exemption by paying an exemption registration fee and filing information about the plan with the Director of Commerce and Consumer Affairs; and
- (3) With regard to exempt plans:
  - (A) Prohibiting the developer from placing a blanket lien on the Hawaii time share units in the plan;
  - (B) Requiring the sales contract to disclose that the sale is not regulated under Hawaii law but that

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Hawaii law applies to the development and operation of the plan; and

- (C) Requiring the sales contract to prohibit resale of interests in the plan within the United States.

RCI, ARDA-Hawaii, Starwood Vacation Ownership, and Marriott International, Inc., supported this bill. The Time Share Administrator of the Department of Commerce and Consumer Affairs commented on this bill.

Your Committee has amended this bill by:

- (1) Amending the definition of "foreign time share plan" to restrict the term to time share "use" plans;
- (2) Requiring the plan to be actively registered in Hawaii at the time a request for exemption is filed;
- (3) Requiring all printed or written material used in connection with the sale of interests in an exempt plan to state that the plan is exempt from registration and the purchase is not protected by Hawaii law;
- (4) Changing the effective date to upon approval; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2454, 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. 2454, S.D. 1, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,

  
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ROBERT N. HERKES, Chair



