

Honolulu, Hawaii

MAR - 3 2006

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

Honorable Robert Bunda  
President of the Senate  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing,  
to which was referred S.B. No. 2454 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 measure is to provide that chapter 514E,  
Hawaii Revised Statutes, relating to time shares, does not apply  
to a sale outside the United States of an interest in a time share  
unit in Hawaii if the unit is part of a time share plan that was  
previously registered in Hawaii.

Testimony in support of this measure was submitted by  
Marriott International, Inc.; RCI, a subsidiary of the Cendant  
Vacation Network Group; and ARDA-Hawaii. Comments were submitted  
by the Department of Commerce and Consumer Affairs.

Your Committee finds that there is a similar measure moving  
through the House of Representatives at this time as House Bill  
No. 3238. Your Committee also notes that the Department of  
Commerce and Consumer Affairs, Marriott International, Inc., and  
RCI are in agreement that the parties affected by this measure  
would benefit from continued discussions.

Your Committee has amended this measure by:

- (1) Replacing language that exempts time share plans offered  
and sold outside of the United States from the



application of chapter 514E, Hawaii Revised Statutes, with language in House Bill No. 3238, H.D. 1 that also exempts time share plans offered and sold outside of the United States from the application of chapter 514E and provides that developers of these time share plans meet certain filing requirements. This amendment incorporates the recommendations by Marriott International, Inc. and the Department of Commerce and Consumer Affairs;

- (2) Providing that time share interests offered for sale outside of the United States shall not be resold in the United States, as recommended by the Department of Commerce and Consumer Affairs;
- (3) Providing that the developer of the new time share plan shall not subject the Hawaii units to blanket liens, as recommended by the Department of Commerce and Consumer Affairs;
- (4) Changing the effective date of the chapter to July 1, 2050, to ensure further discussion among affected parties and the Department of Commerce and Consumer Affairs; and
- (5) Making technical, non-substantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2454, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2454, S.D. 1, and be placed on the calendar for Third Reading.

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

  
RON MENOR, Chair



