STAND. COM. REP. NO. 1378

Honolulu, Hawaii

MAR 3 0 2007

RE: S.C.R. No. 75 S.D. 1

Honorable Colleen Hanabusa President of the Senate Twenty-Fourth State Legislature Regular Session of 2007 State of Hawaii

## Madam:

Your Committee on Commerce, Consumer Protection, and Affordable Housing, to which was referred S.C.R. No. 75 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING THE AUDITOR TO PERFORM A SUNRISE ANALYSIS OF THE REGULATION OF DESTINATION CLUBS AND THOSE WHO MARKET THEM,"

begs leave to report as follows:

The purpose of this measure is to request the Auditor to perform a sunrise analysis of the regulation of destination clubs and those who market them.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and the Destination Club Association. ARDA-Hawaii submitted comments on this measure.

Your Committee finds that over the past few years, a new luxury vacation option, called destination clubs, has emerged. These destination clubs offer members a unique way to gain access to a private club's portfolio of fully furnished, luxury residences that provide five-star services and amenities.

Your Committee notes that the destination club industry provides numerous economic benefits for the State and infuses capital into the state economy. However, currently, there are no specific regulatory statutes governing destination clubs.

Your Committee also notes that during 2006, the Department of Commerce and Consumer Affairs created a working group, which included members of the destination club and timeshare industries, to discuss the creation of a regulatory scheme for destination clubs.

During the 2007 Regular Session, S.B. No. 697 was introduced, the purpose of which was to regulate destination clubs and those who market them. This measure, in compliance with section 26H-6, Hawaii Revised Statutes, requests the Auditor to conduct a sunrise review to determine if some type of regulation of destination clubs and those who market them are necessary.

Your Committee has amended this measure to add language to authorize the Auditor to contact those parties, including the Department of Commerce and Consumer Affairs and ARDA-Hawaii, who were involved with the initial meetings regarding the regulation of destination clubs.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 75, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 75, S.D. 1.

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

BRIAN T. TANIGUCHI, Chair

## The Senate Twenty-Fourth Legislature State of Hawaii

## Record of Votes Committee on Commerce, Consumer Protection and Affordable Housing CPH

Bill / Resolution No.:*	CPH, WAM		Da	Date: 3-29-07	
The committee is reconsidering its previous decision on this measure.  If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)					
IGE, David Y. (VC)				F. (1 7 5 5 5 5 5 5 5	$V_{2}$
ESPERO, Will	-	week that were			/
IHARA, Jr., Les	Agraci Zirota (zh. 19. 19. 1 Najirota	/			
SAKAMOTO, Norman		· · · · · · · · · · · · · · · · · · ·			
SLOM, Sam		<i>'</i>			
				33.002.0.120.002.002.002.002.002	
					·
			=2002000=20031FL200500	7   T	
			· · · · · · · · · · · · · · · · · · ·		
TOTAL					
Recommendation:  Adopted Not Adopted					
Chair's or Designee's Signature: Andlan					
Distribution: Original Yellow / Pink File with Committee Report Clerk's Office Drafting Agency					

<sup>\*</sup>Only one measure per Record of Votes