

Honolulu, Hawaii

MAR 30 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



