

STAND. COM. REP. NO. 757 -08

Honolulu, Hawaii

Feb 29, 2008

RE: H.B. No. 2372
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2372, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TIME SHARE PLANS,"

begs leave to report as follows:

The purpose of this bill is to streamline purchases of time share interests from the same developer by exempting from the time share law:

- (1) The offer or sale of an additional interest in a time share plan to an existing purchaser in the same time share plan; and
- (2) The offer or sale of an interest in a time share plan located in another state to an individual who owns any time share interest purchased from the same developer,

if the developer or the developer's affiliate has a time share plan registered in Hawaii.

Marriott International, Inc., Group RCI, Wyndham Worldwide testified in support of this bill. The American Resort Development Association-Hawaii supported the intent of this measure. The Department of Commerce and Consumer Affairs (DCCA) submitted comments.

HB2372 HD2 HSCR CPC HMS 2008-2311



Your Committee has amended this bill by:

- (1) Providing that the exemptions only apply to developers with a time share plan currently registered in Hawaii and not to developers who are merely affiliated with registered developers;
- (2) Adding the following requirements and amendments for the exemption allowing developers to sell interests in out-of-state time share plans to anyone who owns an interest in any of the developer's time share plans:
 - (A) The out-of-state time share plan must be registered in the state where the plan is located, and under registration requirements that are equivalent to Hawaii's requirements with regard to time share disclosure statements and blanket lien protections;
 - (B) The purchase must comply with Hawaii's escrow requirements for time share plans; provided that for escrow accounts maintained outside of Hawaii, the escrow agent must submit to personal jurisdiction in Hawaii;
 - (C) The contract for purchase must disclose that the time share plan is not registered in Hawaii;
 - (D) The developer, within the two-year period preceding the time of the offer, must not have:
 - (i) Had a time share registration suspended, restricted, or revoked; or
 - (ii) Been convicted of any crime based upon an act of fraud or dishonesty;

and

 - (E) The developer must provide prior notice to DCCA of the time share plan offered for sale along with payment of a \$1,000 fee;

and
- (3) Making technical, nonsubstantive amendments for clarity 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 H.B. No. 2372, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2372, H.D. 2.

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



ROBERT N. HERKES, Chair



