

Honolulu, Hawaii

FEB 14 2008

RE: S.B. No. 2026
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committees on Commerce, Consumer Protection, and Affordable Housing and Tourism and Government Operations, to which was referred S.B. No. 2026 entitled:

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

beg leave to report as follows:

The purpose of this measure is to address an omission in time share laws by allowing the sale of an additional interest in a time share plan to an existing customer in Hawaii when the time share plan is not registered in Hawaii.

Specifically, this measure provides the following:

- (1) Allows, under certain conditions, the offer or sale of an additional interest in a time share plan in the State to an existing purchaser in the same time share plan; and
- (2) Allows, under certain conditions, a developer to offer or sell a time share interest located outside of the State to an individual who currently owns a time share interest that was not purchased from that developer, or from an affiliated entity of that developer.

Testimony in support of this measure was submitted by Wyndham Worldwide, Group RCI, the American Resort Development Association, and Marriott International, Inc. The Department of Commerce and Consumer Affairs submitted comments.



Hawaii's time share industry currently accounts for over eight per cent of the lodging inventory in the State and plays an integral role in Hawaii's tourism offerings. Existing law does not allow the sale of an additional interest in a time share plan to an existing customer in Hawaii when the time share plan is not registered in Hawaii. Your Committees find that allowing an entity in Hawaii to sell additional interests to their existing owners, without having to satisfy all of the state registration requirements while ensuring certain consumer protection safeguards are met, will enable the time share industry in Hawaii to further expand and provide greater tourism offerings in the State.

Testimony indicated the concerns the Department of Commerce and Consumer Affairs has with this measure, but your Committees recognize the collaborative efforts of the time share industry and the Department to address a number of concerns upon the request of your Committees.

Accordingly, your Committees have amended this measure by:

- (1) Adding language that increase and clarify the requirements and conditions of the time share law exemption to ensure that adequate and appropriate consumer protection safeguards are provided;
- (2) Inserting an effective date of July 1, 2050 to ensure further discussion on this issue; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committees believe that this measure, as amended, fulfills the intent of this measure, which is to address an omission in time share laws.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Affordable Housing and Tourism and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2026, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2026, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Commerce,
Consumer Protection, and
Affordable Housing and Tourism
and Government Operations,


Clarence K. Nishihara
CLARENCE K. NISHIHARA, Chair

Russell S. Kokubun
RUSSELL S. KOKUBUN, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Tourism and Government Operations
TSG

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2026	CPH/TSG, WAM	02-12-08		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
NISHIHARA, Clarence K. (C)	/			
KIM, Donna Mercado (VC)				/
TSUTSUI, Shan S.	/			
TRIMBLE, Gordon	/			
TOTAL	3	0	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes