

STAND. COM. REP. NO.

2422

Honolulu, Hawaii

FEB 26 2010

RE: S.B. No. 2607  
S.D. 2

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2607, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ACTIVITY DESKS,"

begs leave to report as follows:

The purpose of this measure is to update the law regulating activity desks to provide greater protections for consumers and activity providers.

Specifically, this measure:

- (1) Establishes record keeping and trust account requirements for client trust accounts held by activity desks;
- (2) Clarifies that activity desks shall include registration numbers on all advertising materials;
- (3) Requires an activity desk to obtain full payment for activities prior to or at the time reservations are made, subject to certain exceptions; and
- (4) Deletes statutory language allowing activity desks to substitute other types of funds or accounts for a client trust account.

Your Committee received testimony in support of this measure from the Professional and Vocational Licensing Division of the

2010-1295 SSCR SMA.doc



Department of Commerce and Consumer Affairs, Activities & Attractions Association of Hawaii, Safari Aviation, Inc., Old Lahaina Luau, Valley Isle Excursions, Inc., and two private citizens. Testimony with comments on this measure was received from the Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that this measure will strengthen both consumer protection and the enforcement abilities of the Department of Commerce and Consumer Affairs. Your Committee finds that past violations and bad practices by activity desks have resulted in economic losses to local activity providers and damage to Hawaii's good reputation as a visitor destination. Your Committee finds that this measure will enable regulators to conduct thorough investigations expeditiously and will provide clear guidance to activity desks that do adhere to the law in the conduct of their business. Finally, your Committee finds that the purpose of a client trust account, to ensure that individuals and activity providers are able to recover money that is rightfully owed to them by an activity provider, may be equally well served through the mechanism of a bond or letter of credit.

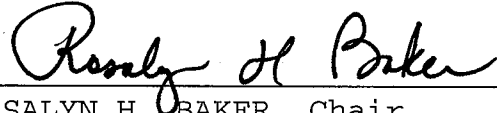
Your Committee has amended this measure by:

- (1) Restoring language that allows an activity desk to substitute a bond or letter of credit for a client trust account;
- (2) Increasing the maximum amount of bond or letter of credit required to \$250,000; and
- (3) Making nonsubstantive technical amendments for the purposes of clarity and accuracy.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2607, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2607, S.D. 2.



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



ROSALYN H. BAKER, Chair



