

Honolulu, Hawaii

FEB 13 2013

RE: S.B. No. 913

S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 913 entitled:

"A BILL FOR AN ACT RELATING TO TIME SHARES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require a time share plan's disclosure of the financial obligation of the purchaser to consist of a statement that the purchaser is obligated to pay the initial price in the purchase agreement and a list or description of any additional charges;
- (2) Clarify that a sales or acquisition agent is not required to provide any promotional device or instrument to a prospective purchaser prior to making a sales presentation; and
- (3) Repeal the prohibition on selling, offering to sell, advertising for sale, or otherwise offering to give away any tourist activity with the purpose of inducing a person to purchase a time share plan or to attend a time share marketing event.

Your Committee received testimony in support of this measure from the American Resort Development Association and Wyndham Vacation Ownership. Your Committee received testimony in opposition to this measure from the Activities & Attractions



Association of Hawaii, Jack Harter Helicopters, and Fair Wind Cruises. Your Committee received comments on this measure from the Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs.

Your Committee finds that this measure eliminates the requirement for a time share developer to provide a price list in the disclosure statement that must be filed with the Department of Commerce and Consumer Affairs. Hawaii is one of only two states that require this type of filing, and this requirement is cumbersome for developers as a price list may change on a weekly basis, from one transaction to another, or during negotiations. Your Committee further finds that because the actual price a purchaser pays for a time share interval may not be the price listed in the disclosure statement, requiring a price list in the disclosure statement does not necessarily provide a purchaser with accurate information. This measure amends requirements for the disclosure statement while still providing a prospective purchaser adequate disclosure of their financial obligation.

Your Committee has heard the concerns over the amendment in this measure that would permit timeshare sellers to offer activities at a reduced price to prospective purchasers in exchange for attendance at a timeshare marketing event. Existing law prohibits the sale of tours below the net cost of the activities provided to the time share entity. Removing this prohibition may result in an unfair trade advantage for those entities willing to deeply discount attractions or activities.

Your Committee notes that the intent of this measure was to increase operational efficiencies in the time share industry. It was not intended to undermine the abilities of tour operators, sales agencies, or providers of visitor activities and attractions to regulate ticket prices for their own tours, activities, or attractions. Therefore, amendments to this measure are necessary.

Accordingly, your Committee has amended this measure by:

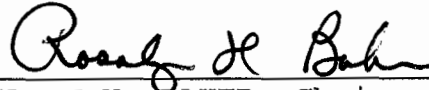
- (1) Removing the repeal on the prohibition on selling, offering to sell, advertising for sale, or otherwise offering to give away any tourist activity with the purpose of inducing a person to purchase a time share plan or to attend a time share marketing event; and



- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 913, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 913, S.D. 1, and be placed on the calendar for Third Reading.

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



ROSALYN H. BAKER, Chair



