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**PRESENTATION OF THE
PROFESSIONAL AND VOCATIONAL LICENSING DIVISION**

TO THE HOUSE COMMITTEE ON FINANCE

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2014

Thursday, March 27, 2014
4:00 p.m.

TESTIMONY ON SENATE BILL NO. 2481, S.D. 1, H.D. 1, RELATING TO TIME SHARES.

TO THE HONORABLE SYLVIA LUKE, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Lori Beth Van Cantfort, Time Share Administrator of the Professional and Vocational Licensing Division ("PVL"), testifying on behalf of the Department of Commerce and Consumer Affairs ("Department").

The Department takes no position on the intent of S.B. No. 2481, S.D. 1, H.D. 1, which seeks to amend Hawaii Revised Statutes Chapter 514E to (1) no longer require plan managers of time share plans located outside of Hawaii to register, and (2) allow time share owners associations to be registered as any type of nonprofit entity.

For the Committee's information, the companion measure, H.B. No. 2018, was heard by this committee on February 25, 2014, and was passed out with an H.D. 2.

Testimony on Senate Bill No. 2481, S.D.1, H.D.1
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The Department prefers the language found in S.B. 2481, S.D.1, H.D.1, which correctly makes reference to "time share plan located in Hawaii" instead of "foreign time share plan" in the purpose section of the bill.

Thank you for this opportunity to provide testimony on S.B. No. 2481, S.D.1,
H.D.1.



March 27, 2014

TO: HOUSE COMMITTEE ON FINANCE
Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Representative Aaron Ling Johanson , Vice Chair

FROM: Henry Perez, Chair
ARDA-Hawaii

RE: SB 2481 SD1 HD1, Relating to Time Shares
Position: Support

Dear Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson and members of the Committee:

The American Resort Development Association (ARDA) Hawaii, the local chapter of the national timeshare trade association, supports SB 2481 SD1 HD1, Relating to Time Shares. The bill makes several changes to the current timeshare law to reflect changes in the timeshare industry as a result of the growth of the industry. We support the bill as amended to address concerns raised by the Time Share Administrator.

As the timeshare industry has grown, the ownership and management of timeshare developments has diversified. Hawaii law requires that managers of out of state timeshare plans register in Hawaii as a timeshare plan manager despite not doing business in Hawaii. This bill would eliminate that requirement and provide as an added measure of consumer information, a disclosure that the manager of an out of state timeshare plan is not registered in Hawaii.

When our timeshare law was created, nonprofit corporations were the most appropriate corporate structure for timeshare associations. However, new types of business organizational structures have been developed that are similarly appropriate for governance of an association. This law would allow for the use of other corporate structures creating an entity organized on a non-profit or not-for-profit basis, or that qualifies under federal law as a homeowners association.

Finally, the bill would make corrections to internal references to maintain consistency.

Thank you for the opportunity to submit this testimony in support.



9002 San Marco Court
Orlando, Florida 32819
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March 27, 2014

To: Honorable Sylvia Luke, Chair
Honorable Scott Nishimoto, Vice Chair
Honorable Aaron Ling Johanson, Vice Chair
House Committee on Finance

RE: **SB 2481 SD1 HD1 - Relating to Time Shares – In Support**
Agenda #3; Conference Room 308, 4:00 PM

Chair Luke, Vice Chairs Nishimoto and Johanson and members of the committee:

Starwood Vacation Ownership (“Starwood”) appreciates the opportunity to offer testimony in support of SB 2481 SD1 HD1, which eliminates the requirement that a manager of a foreign time share plan register in Hawaii as a time share plan manager, requires disclosure that the manager of the foreign time share plan is not registered under Hawaii’s time share law and recognizes that an association of time share owners may be any kind of nonprofit entity.

Starwood supports this bill because it updates and streamlines Hawaii time share law. When the Hawaii law regulating plan managers was created, it was broadly worded and required all time share plan managers to register with the Department of Commerce and Consumer Affairs (DCCA). Today, many out of state time share plans are registered in Hawaii and the managers of these out of state plans (which are regulated in their state of operation) are required to register as Hawaii managers. These managers do not conduct business in Hawaii, therefore, this requirement should be eliminated as it creates unnecessary regulatory burdens on the DCCA and the industry and does not further consumer protection. The bill also provides clarification that a time share association can be any kind of nonprofit entity. This update modernizes the statute, recognizing that owners associations, especially in out of state plans, may take different forms.

For the aforementioned reasons, we respectfully request that you pass SB 2481 SD1 HD1.

Thank you.

Robin Suarez
Vice President/General Counsel
Starwood Vacation Ownership

**Testimony of
Gary M. Slovin / Mihoko E. Ito
on behalf of
Wyndham Vacation Ownership**

DATE: March 26, 2014

TO: Representative Sylvia Luke
Chair, Committee on Finance
Submitted Via FINtestimony@capitol.hawaii.gov

RE: **S.B. 2481 S.D.1 H.D.1 – Relating to Time Shares**
Hearing Date: Thursday, March 27, 2014 at 4:00 p.m.
Conference Room: 308

Dear Chair Luke and Members of the Committee on Finance,

We submit this testimony on behalf of Wyndham Vacation Ownership. Wyndham offers individual consumers and business-to-business customers a broad suite of hospitality products and services through its portfolio of world-renowned brands. Wyndham Vacation Ownership has a substantial presence in Hawaii through its Wyndham Vacation Resorts and WorldMark by Wyndham brands.

Wyndham **strongly supports** S.B. 2481 S.D.1, which would exempt an out-of-state time share plan manager from filing a disclosure statement in the State. Wyndham develops projects all over the world, and its managers may or may not conduct business in the State. The requirement that managers of out-of-state time share plans register in Hawaii is no longer practical, and this bill adapts the practice to the evolving nature of the time share business. We believe that consumer protection concerns are also provided for in the bill by requiring a disclosure statement that the manager is not registered in Hawaii.

Wyndham also supports the amendments the bill makes to HRS Chapter 514E. The time share law was amended in 1982 to require that an association of timeshare owners be formed as a non-profit entity in the state of Hawaii or elsewhere. However, this requirement has become obsolete because today, new types of business organizations

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have been created to reflect changing business models. Wyndham supports the changes to Chapter 514E to reflect the current practices for the industry.

Wyndham notes that the prior committee amended the measure by replacing references to “foreign time share plans” with “time share plans located outside of Hawaii.” Wyndham supports S.B. 2481 S.D.1 H.D. 1 as amended, and respectfully requests that the Committee pass it for further consideration.

Thank you for the opportunity to submit testimony on this measure.



STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

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LATE

March 27, 2014

The Honorable Sylvia Luke, Chair
Committee on Consumer Protection
and Finance
House of Representatives
State Capitol, Room 306
Honolulu, Hawaii 96813

Dear Chair Luke:

Subject: S.B. 2581, S.D. 2, H.D. 1 Relating to the State Building Code

I am Manuel P. Neves, Chair of the Hawaii State Fire Council (SFC) and Fire Chief of the Honolulu Fire Department (HFD). The SFC and the HFD strongly support S.B. 2581, S.D. 2, H.D. 1, which proposes to clarify terminology, the code adoption process, and the staggering of code adoptions; modify the composition, quorum, and duties of the Hawaii State Building Code Council (SBCC); ensure laws governing building contractors do not conflict with Chapter 107, Hawaii Revised Statutes (HRS); and provide funding for SBCC staff and operating expenses.

We respectfully recommend the following amendment:

Section 107-24 (b) The council may adopt, amend, or update codes and standards pursuant to a staggered schedule established by the council, provided that the frequency of such adoption, amendment, or updating shall ~~occur at least~~ not exceed every six years and shall in addition be based on a review and evaluation of the utility of the latest edition of the codes and standards identified in Section 107-25, conducted upon their respective publication.

Since each edition of the codes and standards are revised on a three-year cycle and all are not published in the same year, the intent of this section is to allow the SBCC to stagger the adoption of codes, if appropriate, but not to exceed six years. An appropriate reason may be that code changes from one three-year cycle to the next are minor, nonsubstantive, or encounters stakeholder issues that must be addressed and takes several years to resolve, thereby exceeding the three-year cycle.

The Honorable Sylvia Luke, Chair
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Section 107-24(e), HRS, requires the SBCC to review and adopt new model building codes within 18 months of the official publication date. This is the benchmark that the SBCC seeks to meet in keeping with its statutory purpose to review and adopt the latest editions of the national model building codes and standards.

The SFC has been a voting member of the SBCC since its inception in 2007. The SBCC is administratively attached to the State Department of Accounting and General Services (DAGS), whose duties include establishing a comprehensive set of current national codes and standards for design and construction. Subsequent to its creation, each county adopted ordinances that required codes and standards for its jurisdiction. Consequently, each county had different editions of the building codes that created challenges for designers and builders.

The SBCC seeks to create a more comprehensive composition of voting members to benefit the integrity of the code adoption process. An executive director and assistant are needed to oversee and facilitate the work of the SBCC to effectuate and maintain the administrative rule-making process with provisions for public input. Funding would be administered through the DAGS to eliminate the impact to their staff and resources.

The SBCC supports adding building industry representatives to provide their expertise on industry practices and the practicality and cost effectiveness of the proposed codes. The addition of a representative from the Department of Business, Economic Development & Tourism would provide expertise on industry development, economic diversification, energy efficiency, and conservation. Eliminating a representative from the Department of Health (DOH) will keep the SBCC membership to a manageable level, although input from the DOH may still be requested.

The SFC and the HFD urge your committee's passage of S.B. 2581, S.D. 2, H.D. 1, to meet its statutory responsibilities in an effective and efficient manner.

Should you have questions, please contact SFC Administrator Socrates Bratakos at 723-7105 or sbratakos@honolulu.gov.

Sincerely,



MANUEL P. NEVES
Chair

MPN/LR:clc