

# SB 913

Measure Title: RELATING TO TIME SHARES.

Report Title: Time Shares; Disclosures; Prohibited Activities

Description: Requires a time share plan's disclosure of the financial obligation of the purchaser to consist of: (1) A statement that the purchaser is obligated to pay the initial price in the purchase agreement; and (2) A list or description of any additional charges. Clarifies 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. Repeals 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.

Companion:

Package: None

Current Referral: CPN

Introducer(s): KIM (Introduced by request of another party)

<b><u>Sort by</u></b> <b><u>Date</u></b>		<b>Status Text</b>
1/24/2013	S	Introduced.
1/24/2013	S	Passed First Reading.
1/24/2013	S	Referred to CPN.
1/25/2013	S	The committee(s) on CPN has scheduled a public hearing on 02-01-13 8:30AM in conference room 229.



NEIL ABERCROMBIE  
GOVERNOR

SHAN S. TSUTSUI  
LT. GOVERNOR

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

TO THE SENATE COMMITTEE ON  
COMMERCE AND CONSUMER PROTECTION

TWENTY-SEVENTH LEGISLATURE  
Regular Session of 2013

Friday, February 1, 2013  
8:30 a.m.

**TESTIMONY ON SENATE BILL NO. 913, RELATING TO TIME SHARES.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR,  
AND MEMBERS OF THE COMMITTEE:

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

The Department would like to offer comments on Section 1 of Senate Bill No. 913 which seeks to amend Hawaii Revised Statutes Section 514E-9(a)(11) to no longer require a developer to provide a price list in the disclosure statement. It is the Department's understanding that the actual price a purchaser pays for a time share interval is often not the price listed in the disclosure statement as the sales price is subject to negotiations. Therefore, including a price list in the disclosure statement does not necessarily provide a purchaser accurate information. The proposed

Testimony on Senate Bill No. 913  
Tuesday, February 1, 2013  
Page 2

amendment would now require the disclosure statement to state that the purchaser is required to pay the price stated in the sales contract, which is what the purchaser agreed to, along with any additional charges. Those additional charges are to be listed or described in cases where the exact amount varies. This information will give a prospective purchaser adequate disclosure of their financial obligation.

Thank you for this opportunity to comment on Senate Bill No. 913.

**Testimony of  
Gary M. Slovin  
on behalf of  
Wyndham Vacation Ownership**

DATE: January 31, 2013

TO: Senator Rosalyn H. Baker  
Chair, Committee on Commerce and Consumer Protection  
*Submitted Via Capitol Website*

RE: **S.B. 913 – Relating to Time Shares**  
**Hearing Date: Friday, February 1, 2013 at 8:30 am**  
**Conference Room 229**

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Dear Chair Baker and Members of the Committee on Commerce and Consumer Protection:

I am Gary Slovin, testifying on behalf of Wyndham Vacation Ownership.

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

Wyndham **supports** S.B. 913, which requires a time share plan's disclosure of the financial obligation of the purchaser to consist of: (1) A statement that the purchaser is obligated to pay the initial price in the purchase agreement; and (2) A list or description of any additional charges. It also clarifies 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 repeals 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.

This measure makes technical changes to the law that will not compromise consumer protection. It eliminates the requirement that a timeshare pricelist be filed with the

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Gary M. Slovin  
Mihoko E. Ito  
Christine Ogawa Karamatsu  
Tiffany N. Yajima

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DCCA. This is a cumbersome practice as prices change often, and Hawaii is one of only two states in the nation that require this.

The measure also clarifies that promotional items given as an incentive for a potential purchaser to attend a sales presentation are not required to be given before the presentation, and allows timeshares to offer activities and attractions at lower than market rate as an incentive to attend a timeshare marketing event.

Thank you very much for the opportunity to submit testimony.



9002 San Marco Court  
Orlando, Florida 32819  
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February 1, 2013

To: Honorable Rosalyn H. Baker, Chair  
Honorable Brickwood Galuteria, Vice Chair  
Senate Committee on Commerce and Consumer Protection

RE: SB 913 – Relating to Time Shares – **Support**  
Conference Room 229; 8:30 a.m.

Aloha Chair Baker, Vice Chair Galuteria and Members of the Committee:

Starwood Vacation Ownership (“Starwood”) appreciates the opportunity to offer comments on SB913, which amends time share plan disclosures and updates sale practice language under current law.

We support provisions in the bill which eliminate the requirement of a set timeshare interval price list as part of the Hawaii Disclosure Statement, allowing consumer prices to reflect market demand and conditions. Currently, developers are required to file detailed timeshare interval price lists with the DCCA. This filing creates an administrative burden on the DCCA without enhancing consumer protection as the DCCA cannot reject the prices listed – they merely review and accept. Currently, there is only one other state that requires the use of a pre-set price lists and such requirement provides for greater flexibility and a faster regulatory process than the Hawaii process.

The price list requirement limits the ability of developers to timely alter their prices to reflect market conditions. In most circumstances, developers have found themselves restricted from lowering prices until they re-file the price list and wait for DCCA “acceptance.” This in turn adds an unnecessary administrative burden on the DCCA by requiring their limited staff to process constant price list amendments.

Finally, SB913 updates current law to reflect current and industry recognized best sales practices. For the aforementioned reasons, we respectfully request you to pass this bill.

Sincerely,

Robin Suarez, Vice President/Associate General Counsel  
Starwood Vacation Ownership



Activities & Attractions Association of Hawaii  
PO Box 598, Makawao, Hawaii 96768  
(808)871-7947 Main (808)877-3104 Fax

Testimony to the Senate Committee on Commerce and Consumer Protection  
Friday, February 1, 2013, 8:30 am  
Conference Room 229

**RE: Senate Bill 913 RELATING TO TIME SHARE**

Chair Baker, Vice Chair Galuteria & Members of the committee;

Mahalo for this opportunity to testify, my name is Toni Marie Davis. For the last 16 years it has been my honor to serve the activity & attraction industry of Hawaii through my position as the Executive Director of the Activities & Attractions Association of Hawaii (A3H). A3H represents nearly 200 businesses statewide. These businesses range in size from very large (over 300 employees) to very small (1-2 employees). **A3H strongly opposes SB913 elimination of item #13 under 514E-Section II entitled: Prohibited Practices.**

The visitor industry is Hawaii's main economic engine. Visitors come here, to enjoy the warm weather, ocean, clean tropical surroundings & friendly people. What they leave with are memories of their experiences, specifically activities & attractions. It is your duty to ensure this industry remains healthy and thrives; please do not allow item #13 removed.

Time Share sales works by first getting a prospective buyer to take a "Tour of the property". Providing various activities at discounted prices is the most common incentives used in Hawaii to secure the "Tour of the property". People on vacation normally will not spend their precious vacation time "Touring a property" unless prodded. Most visitors plan to purchase activity tickets & see our attractions, so using this as bait proves very successful.

How deep these discounted prices go is controlled by item #13. It limits their offering to "cost". Their "cost" equals retail minus commission. The reason our legislators put this in place years ago is that unlike other locations, Hawaii's activities and attractions are a vital component for attracting first time and returning visitors. Our pristine natural environment, premier activities & attractions set Hawaii above other sand and surf destinations.

Imagine if you will, a popular must see attraction ticket appearing on a grease board for 95% off their retail price. Play this out. How does this impact the attraction's direct sales? What about their competitor which refuses to allow their product to be sold in this manner? What's the overall perception then of the "retail price" of the attraction. Do you see how this warps the market? Degrades Hawaii's image? Creates unfair trade advantages for those willing to be deeply discounted?



Activities & Attractions Association of Hawaii  
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Time share in and of itself is not all bad. Those staying in timeshare accommodations usually spend far more than those in condominiums. The process of selling has also come a long way from the days when the Timeshare salesmen were compared to Used Car Salesmen. As more prominent hoteliers, such as Starwood, Hyatt, Hilton, Marriott and Disney enter the mix, the level of professionalism & quality increases.

It's important to protect the industry, keep the balance and in long run the consumer and our economy will continue to thrive.

Sincerely,

Toni Marie Davis  
Executive Director





January 29, 2013

**Testimony to the Senate Committee on Commerce and Consumer Protection  
Friday, February 1, 2013, 8:30 am Conference Room 229**

**RE: Senate Bill 913 RELATING TO TIME SHARE**

Chair Baker, Vice Chair Galuteria & Members of the committee;

Aloha,

Thank you for the opportunity to submit written testimony on Senate Bill 913 related to Time Share Regulations. Jack Harter Helicopters is an incorporated entity based on the island of Kauai. The founder of the company has conducted helicopter tour, utility, and charter operations on Kauai since 1962 and has seen a great deal of change in the visitor industry. **I am writing to express our strong opposition to the elimination of item #13 under HRS §514E-II entitled: "Prohibited Practices".**

We understand and appreciate that time share companies and resorts are a long-standing part of the Hawaiian visitor industry. We have affiliations with many time share organizations that will work with us on mutually beneficial terms. There are some time share companies that will see the proposed elimination of item #13 of HRS §514E-II as an opportunity to make some very radical changes to their marketing practices in ways that will be to the detriment of the providers of visitor activities and attractions and the visitors that come to our beautiful islands.

The inclusion of the current language in item #13 of HRS §514E-II, prohibits the sale of tours below the net cost of the activity provided to the time share entity. It is very important that this part of this regulation remains as it is. The proposed changes will take away one of the few laws that protect both the tour operators and visitors from potentially negative trade practices that some unprofessional time share sales organizations have thus far been prevented from using.

We are members of the Activities & Attractions Association of Hawaii and understand that testimony has been submitted by Ms. Davis, the Executive Director of this organization. We agree 100% with the thoughts expressed by Ms. Davis and again urge you to amend SB 913 to retain the language in item #13 under HRS §514E-II entitled: "Prohibited Practices".

Sincerely,

Casey Riemer  
General Manager/VP

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January 31, 2013

TO: SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION  
Senator Rosalyn Baker, Chair  
Senator Brickwood Galuteria, Vice Chair

FROM: Daniel Dinell  
ARDA – Hawaii, Chair

RE: SB 913 Relating to Time Shares  
Position: Support

Dear Chair Baker, Vice Chair Galuteria and members of the Committee:

The American Resort Development Association (ARDA) Hawaii, the local chapter of the national timeshare trade association, supports S.B. 913 regarding financial disclosure requirements and marketing practices for the sale of timeshare interests.

The bill offers three changes to the timeshare statute that relate to timeshare industry sales and marketing practices. First, it would eliminate the requirement that a timeshare pricelist be filed with the DCCA. Hawaii is one of only two states that require this filing in the United States. This requirement is cumbersome for developers as a price list may change on a weekly basis and, through negotiations between a buyer and seller, the price may change from one transaction to another. The additional administrative burden placed on a developer to file it far outweighs any consumer protection value that we are aware of. Second, the bill clarifies that promotional items that are given as an incentive for a potential purchaser to attend a sales presentation are not required to be given to the person prior to the completion of the sales presentation. The current industry practice is to give the incentive immediately after the tour is taken and we are aware of no current abuses in the industry where consumers are not receiving the promotional gifts they have been promised. Finally, the bill allows timeshare sellers to offer activities at a reduced price to prospective purchasers in exchange for attendance at a timeshare marketing event.

These are technical amendments that should help to increase operational efficiencies for timeshare developers and bring the timeshare statute in line with current sales and marketing practice. In addition, and most importantly, these changes will not decrease the level of consumer protection that is currently provided for in 514E as we are not aware of any abuses related to these provisions.

Thank you for the opportunity to provide this testimony.

*“Timeshare With Aloha”*