

Honolulu, Hawaii

April 10, 2015

RE: S.B. No. 754
S.D. 2
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 754, S.D. 2, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to change time sharing requirements in Hawaii to:

- (1) Provide cancellation rights to persons who contract to buy a short-term time share product in Hawaii; and
- (2) Allow disbursement of purchasers' funds to a time share developer; provided that the developer first posts a surety bond or letter of credit.

Starwood Vacation Ownership, Wyndham Vacation Ownership, Marriott Vacations Worldwide Corporation, and the American Resort Development Association Hawaii testified in support of this measure. The Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs, Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs, and an individual provided comments on this measure.



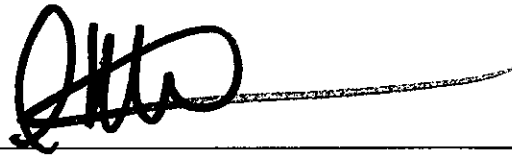
Your Committee has amended this measure by:

- (1) Requiring the short-term product seller to disclose to all short-term product buyers:
 - (A) Whether all or any portion of the amount paid by the short-term product buyer for a short-term product will be applied to or credited against the price of a time share interest; and
 - (B) Whether the cost of a time share interest will be fixed or locked in at a specified price;
- (2) Requiring short-term products to be sold by a person licensed as a real estate broker or real estate salesperson pursuant to chapter 467, Hawaii Revised Statutes;
- (3) Specifying that a surety bond filed by the developer with the Director of Commerce and Consumer Affairs (Director) must be:
 - (A) Issued by a bonding company that has a financial rating acceptable to the Director; and
 - (B) In a form prescribed by the Director;
- (4) Amending the disclosure required if an escrow agreement permits the release of a purchaser's funds pursuant to a surety bond or letter of credit to state that the purchaser's deposit may be disbursed before completion of construction;
- (6) Amending the definition of "short-term product" to mean a one-time allotment of use nights or points used for accommodations, and offered for the purpose of soliciting a time share sale; and
- (7) Making technical, nonsubstantive amendments for clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 754, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 754, S.D. 2, H.D. 2.

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



ANGUS L.K. MCKELVEY, Chair



