

STAND. COM. REP. NO.

869

Honolulu, Hawaii

MAR 03 2023

RE: S.B. No. 1130
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 1130, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Make a principal of an activity desk, and all persons with an ownership interest in the activity desk, jointly and severally liable for any financial deficiency when the activity desk's client trust account is insufficient to pay consumers or activity providers; and
- (2) Clarify that an activity desk, along with its principal and all persons with an ownership interest in the activity desk, shall be held liable for statutory violations and subsequent damages.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs; Hawai'i Lodging and Tourism Association; Activities and Attractions Association of Hawaii, Inc.; Warren and Annabelle's; Captain Steve's Rafting; Holo Charters; Maui Hotel and Lodging Association; and Maui Chamber of Commerce.



Your Committee finds that activity desks act as intermediaries that sell, contract for, and arrange tour excursions and activities, such as surf lessons, helicopter rides, and whale watching tours. These activity desks, often conveniently located in hotels and shopping malls, provide visitors and residents with an expedient way to schedule and plan recreational activities.

Your Committee also finds that as part of their service, an activity desk may receive money from a customer in advance and hold those funds in a client trust account to be used as payment to a tour operator or provider once their services are performed. However, in some cases, an activity desk has stolen or misused the funds from the client trust account, or held insufficient funds, leaving the customer and tour operator at a loss. Your Committee finds that while recourse is always available through the legal system, recovering lost or owed funds is often difficult and costly. Therefore, this measure will help to incentivize all those responsible for an activity desk to take care and properly carry out their fiduciary responsibilities by establishing liability for all persons associated with an activity desk.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1130, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,



KARL RHOADS, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:*	Committee Referral:	Date:
SB 1130 SD1	CPN, JDC	3/1/23


The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312 Pass, with amendments 2311 Hold 2310 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
RHOADS, Karl (C)	✓			
GABBARD, Mike (VC)	✓			
ELEFANTE, Brandon J.C.	✓			
SAN BUENAVENTURA, Joy A.	✓			
AWA, Brenton				✓
TOTAL	4	—	—	1

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:


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*Only one measure per Record of Votes