

STAND. COM. REP. NO. 581

Honolulu, Hawaii

FEB 17 2023

RE: S.B. No. 1131
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 Commerce and Consumer Protection, to which was referred S.B. No. 1131 entitled:

"A BILL FOR AN ACT RELATING TO TIME SHARE PLANS,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the definitions of "time share interest" and "time share plan" to include any fractional ownership plan for a joint homeownership limited liability company, or any other entity.

Your Committee received testimony in support of this measure from one individual.

Your Committee finds that a time share plan, which allows an entity to purchase a small interest in a property and provides that entity the right to occupy the property for a period proportionate to the size of the entity's investment, is regulated by chapter 514E, Hawaii Revised Statutes. However, a new form of joint homeownership designed to evade the State's time share plan laws has emerged in the form of time share limited liability companies. Under this scheme, buyers purchase shares in a limited liability company that owns a property and the buyers use the property as a second home. Your Committee finds that this type of joint homeownership should fall within the scope of the State's time share law. Accordingly, this measure amends the definitions of "time share interest" and "time share plan" to include any



fractional ownership plan for a joint homeownership limited liability company, or any other entity.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; 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. 1131, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1131, S.D. 1, and be referred to your Committee on Judiciary.

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



JARRETT KEOHOKALOLE, Chair



