

STAND. COM. REP. NO.

1230

Honolulu, Hawaii

MAR 16, 2023

RE: S.B. No. 797  
S.D. 1  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Tourism, to which was referred S.B. No. 797, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Specify that primary and supplementary plan documents be listed in the public disclosure statement of a time sharing plan;
- (2) Clarify the manner in which the required disclosure of liens, title defects, or encumbrances on the titles of units may be made; and
- (3) Provide that a review of encumbrances be waived upon the certification from the developer that the time share interest is free and clear of blanket liens or that identifies all blanket liens.

Your Committee received testimony in support of this measure from the Marriott Vacations Worldwide Corporation, American Resort Development Association Hawaii, Hilton Grand Vacations, and one individual. Your Committee received testimony in opposition to

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this measure from UNITE HERE Local 5. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that under existing law, a time share plan must provide a disclosure statement to each buyer, listing all encumbrances on title to the time share unit owners. Listing all encumbrances can lead to a disclosure statement being overwhelmingly long, ultimately leading to consumers not thoroughly reviewing the disclosure statement. Your Committee further finds that when the State's time share law was first adopted in 1980, most time share plans were confined to a single site. However, modern time share plans frequently involve hundreds of units at dozens of sites and buyers typically do not receive a deed of a unit of any given site. This measure will update Hawaii's time share laws to reflect modern practices, thereby creating a more efficient process for the regulation of time shares in the State.

Your Committee has amended this measure by:

- (1) Deleting language that would have required supplementary plan documents to be listed in the public disclosure statement of a time sharing plan;
- (2) Requiring the public disclosure statement to include notice of other liens, title defects, or encumbrances impacting a purchaser's utilization of a property as the Director of Commerce and Consumer Affairs may require;
- (3) Allowing other liens, title defects, and encumbrances to be referenced on a website instead of in the public disclosure statement, along with a statement that the developer has determined these liens, title defects, and encumbrances are not expected to impact use of the property by a purchaser;
- (4) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 797, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 797, S.D. 1, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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



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SEAN QUINLAN, Chair



