

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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DIRECTOR | KA LUNA HO'OKELE

DEAN I HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Judiciary
Wednesday, March 1, 2023
9:30 a.m.
Conference Room 016 & Videoconference**

**On the following measure:
S.B. 1130, S.D. 1, Relating to Activity Desks**

WRITTEN TESTIMONY ONLY

Chair Rhoads and Members of the Committee:

My name is Sheena Choy, and I am the Executive Officer of the Department of Commerce and Consumer Affairs' (Department), Activity Desks Program. The Department supports this bill.

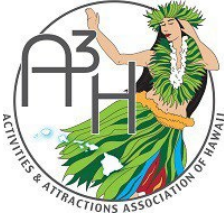
The purposes of this bill are to: (1) make a principal of an activity desk, and all persons with an ownership interest in the activity desk, jointly and severally liable for any financial deficiency when the activity desk's client trust account is insufficient to pay consumers or activity providers; 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.

The Department appreciates the addition of the definition of "ownership interest" to section 1, as well as the amendment clarifying that both a principal and all persons with an ownership interest in the activity desk shall be liable for any financial deficiency

when the activity desk's client trust account is insufficient to pay consumers or activity partners.

The Department appreciates that this bill intends to address reports of fraud in the industry by ensuring that activity desks operate in a responsible and transparent manner, with clear lines of accountability and protection for consumers and activity providers.

Thank you for the opportunity to testify on this bill.



Activities & Attractions Association of Hawaii, Inc.
**Not for Profit 501c-6 ~ Preserve, Protect and
Unite**

Committee on Judiciary

DATE: Wednesday, March 1, 2023
TIME: 9:40 AM
PLACE: Conference Room 016/Zoom

February 28, 2023

Aloha Honorable Chair Karl Rhoads, and Vice-Chair Fukunaga Mike Gabbard
and Members of the Committee on Judiciary,

As the executive director of the Activities & Attractions Association of Hawaii, Inc. (A3H), representing Hawaii's statewide in-destination experiences we urge you to support SB1130, SD1.

Strongly Support SB1130, SD1

SB1130 strengthens HRS468M further protecting consumers and Activity Providers.

In 2020 and again in 2022 year, A3H organized Activity Providers to file suit against licensed Activity Desks that stole funds from their trust accounts. HRS468M clearly states the proper procedures. However, the DCCA does not have the band width to police this process. It isn't until theft has happened that Action takes place.

We need this Law to clearly state that the Activity Desk owners are personally responsible for the funds.

Mahalo,
Toni

Toni Marie Davis
Executive
Director

Activities & Attractions Association of
Hawaii, Inc. PO Box 598, Makawao, Hawaii

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SB-1130-SD-1

Submitted on: 2/28/2023 9:02:56 AM

Testimony for JDC on 3/1/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Lisa Gibson	Testifying for Warren & Annabelle's	Support	Written Testimony Only

Comments:

I fully support SB1130. This has been needed for a LONG time to protect consumers and local Hawaii businesses from unscrupulous owners of third-party activity ticket companies.

SB-1130-SD-1

Submitted on: 2/28/2023 7:38:45 AM

Testimony for JDC on 3/1/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Debbie Patton	Testifying for Captain Steve's Rafting	Support	Written Testimony Only

Comments:

We are definitely in favor of this bill.



HAWAI'I LODGING & TOURISM
ASSOCIATION

LATE

Testimony of
Mufi Hannemann
President & CEO
Hawai'i Lodging & Tourism Association

Senate Committee on Judiciary
Senate Bill 1130, SD1
March 1, 2023

Chair Rhoads and members of the Committee, mahalo for the opportunity to submit testimony on behalf of the Hawai'i Lodging & Tourism Association, the state's largest and oldest private sector visitor industry organization.

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, representing more than 50,000 hotel rooms and nearly 40,000 lodging workers—**supports Senate Bill 1130, SD1** as it would add necessary language to existing state law, making clear activity desk principals are solely responsible for any financial deficiency that results in the activity desk being unable to pay consumers or activity partners.

This measure would make activity desk principals' liability unequivocally clear while offering both consumers and activity providers added protection.

For this reason, HLTA supports Senate Bill 1130, SD1.

Mahalo for the opportunity to provide this testimony.

LATE

SB-1130-SD-1

Submitted on: 2/28/2023 11:46:51 AM
Testimony for JDC on 3/1/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Chandra Bertsch	Testifying for Holo Holo Charters	Support	Written Testimony Only

Comments:

As an activity company we work with many Activity Desk partners. We want to continue that relationship knowing that if they default, we will not suffer financial loss. We strongly support SB1130. We need this Law to clearly state that the Activity Desk owners are personally responsible for the funds.



Maui Hotel & Lodging
ASSOCIATION

LATE

Testimony of
Lisa H. Paulson
Executive Director
Maui Hotel & Lodging Association

Committee on Commerce and Consumer Protection
Senate Bill 1130 SD1: Relating to Activity Desks
March 1, 2023, 9:30 am
Conference Room 016

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry for Maui County. We represent over 180 property and allied business members, and 22,000 employees. **MHLA supports Senate Bill 1130 SD1**, which makes a principal of an activity desk liable for any financial deficiency when the activity desk's client trust account is insufficient to pay consumers or activity providers. Clarifies 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.

SB1130 SD1 further strengthens HRS468M protecting consumers and Activity Providers.

In 2020 and again in 2022, there were lawsuits against licensed Activity Desks that stole funds from their trust accounts. HRS468M clearly states the proper procedures. However, the DCCA does not have the capabilities to effectively monitor and enforce this process. We need this Law to clearly state that the Activity Desk owners are personally responsible for the funds.

For the reasons stated above **MHLA is in support of SB1130 SD1**.

Thank you for the opportunity to provide this testimony.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE SENATE COMMITTEE ON
JUDICIARY
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 016
WEDNESDAY, MARCH 1, 2023 AT 9:30 A.M.**

To The Honorable Senator Karl Rhoads, Chair
The Honorable Senator Mike Gabbard, Vice Chair
Members of the committee on Judiciary

SUPPORTING SB1130 SD1 RELATING TO THE ACTIVITY DESKS

The Maui Chamber of Commerce **supports SB1130 SD1** which makes a principal of an activity desk liable for any financial deficiency when the activity desk's client trust account is insufficient to pay consumers or activity providers, and clarifies 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.

The Chamber notes that in 2020 and again in 2022, the Activities & Attractions Association of Hawaii, Inc. organized activity providers to file suit against licensed activity desks that stole funds from their trust accounts. This measure protects consumers and activity providers by strengthening HRS 468M further.

For this reason, we **support SB1130 SD1** and request it be passed.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.