

STAND. COM. REP. NO.

618

Honolulu, Hawaii

**FEB 17 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 Commerce and Consumer Protection, to which was referred S.B. No. 1130 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 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 Activities & Attractions Association of Hawaii, Inc.; Hawai'i Lodging & Tourism Association; Maui Hotel & Lodging Association; Maui Chamber of Commerce; Quicksilver Charters, LLC; Captain Steve's Rafting Adventures; Haleakala Bike Company, Inc.; Lahaina Cruise Company, Inc.; Ocean Tourism Coalition; Extended Horizons, Inc.; and two individuals. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.



Your Committee finds that an activity desk is a person or organization that, in part, helps customers book activities such as specialized air, land, or sea tour excursions with tour operators. As part of their service, the activity desk receives money from the customer and holds the funds in a trust account on behalf of the tour operator before paying the tour operator for providing the excursion. However, in the past few years, there have been numerous incidences where an activity desk has stolen funds from a client trust account. Recouping these losses through the court system is difficult and costly for activity providers. This measure will help ensure that activity desks operate in a responsible and transparent manner, with clear lines of accountability and protection for consumers and activity providers.

Your Committee has amended this measure by:

- (1) Inserting a definition of the term "ownership interest";
- (2) 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;
- (3) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (4) 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. 1130, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1130, 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,



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JARRETT KEOHOKALOLE, Chair



