

STAND. COM. REP. NO.

2496

Honolulu, Hawaii

FEB 27 2014

RE: S.B. No. 2481
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2481 entitled:

"A BILL FOR AN ACT RELATING TO TIME SHARES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Eliminate the requirement that a manager of a foreign time share plan register in Hawaii as a time share plan manager;
- (2) Require the disclosure statement for an offering of a time share plan to disclose that the manager of a foreign time share plan is not registered in Hawaii;
- (3) Recognize that an association of time share owners may be any kind of nonprofit or not-for-profit entity; and
- (4) Make housekeeping amendments.

Your Committee received testimony in support of this measure from the American Resort Development Association Hawaii, Wyndham Vacation Ownership, and Starwood Vacation Ownership. Your Committee received comments on this measure from the Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs.



Your Committee finds that as the time share industry has grown, the ownership and management of time share developments has diversified. Existing law requires managers of foreign time share plans to register in Hawaii as a time share manager, despite not doing business in Hawaii. Your Committee further finds that this measure eliminates the requirement that a manager of a foreign time share plan register in Hawaii. This measure also addresses consumer protection via a notice in the disclosure statement for time share units located outside the State that a time share plan manager is not registered in Hawaii. However, your Committee finds that, as written, this proposed notice language is overly broad and would exempt out-of-state plan managers from any regulation under Hawaii law. An amendment clarifying this notice language is therefore needed.

Your Committee also finds that when Hawaii's time share law was enacted, nonprofit corporations were the most appropriate corporate structure for time share associations. As the time share industry has evolved, however, new types of business organizational structures have developed that are also appropriate for governance of a time share association. This measure reflects the current practices for the time share industry and recognizes that an association of time share owners may be any kind of nonprofit or not-for-profit entity.

Your Committee has amended this measure by:

- (1) Amending the disclosure statement for time share units located outside the State to clarify that a plan manager is exempt only from registering under Hawaii's time share law; and
- (2) Making an amendment to the purpose section for clarity.

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. 2481, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2481, S.D. 1, and be placed on the calendar for Third Reading.



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


Rosalyn H. Baker

ROSALYN H. BAKER, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2481	CPN	2/19/14		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
NISHIHARA, Clarence K.	✓			
WAKAI, Glenn	✓			
SLOM, Sam				✓
TOTAL	4	0	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes