

Honolulu, Hawaii

FEB 09 2015

RE: S.B. No. 754
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Tourism and International Affairs, to which was referred S.B. No. 754 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Provide cancellation rights to persons who contract to buy a short-term product in Hawaii; and
- (2) Allow disbursement of purchasers' funds to a developer; provided that the developer first posts a bond, letter of credit, or other financial assurance.

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

Your Committee finds that many time share developers offer short-term products that allow prospective time share buyers to explore the time share experience on a trial basis. Some other states have adopted laws providing a seven-day right of cancellation to short-term product buyers. Your Committee finds



that under current law, a developer who constructs a time share project must hold a time share buyer's funds in escrow after the seven-day cancellation period has passed, the project is completed, and closing has occurred, and the developer may remove the funds from escrow in only one limited circumstance. This places significant amounts of money, potentially tens of millions of dollars, in escrow for months at a time. Your Committee finds that protection of a time share buyer's funds with third party assurance gives the consumer ample protection if a project is not completed, while granting the developer access to funds to cover construction costs.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee has heard the concerns of the Department of Commerce and Consumer Affairs regarding levels of consumer protection and believes that these concerns merit further discussion by your Committee on Commerce and Consumer Protection if it chooses to hear this measure.

As affirmed by the record of votes of the members of your Committee on Tourism and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 754, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 754, S.D. 1, and be referred to the Committee on Commerce and Consumer Protection.

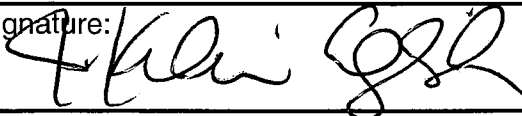
Respectfully submitted on
behalf of the members of the
Committee on Tourism and
International Affairs,


GILBERT KAHELE, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Tourism and International Affairs
TSI

Bill / Resolution No.:* SB 754	Committee Referral: TSI, CPN	Date: 2/4/15		
<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
KAHELE, Gilbert (C)	/			
ENGLISH, J. Kalani (VC)	/			
TANIGUCHI, Brian T.	/			
TOKUDA, Jill N.	/			
SLOM, Sam				/
TOTAL	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes