

Honolulu, Hawaii

FEB 13 2020

RE: S.B. No. 2273
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2273 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 purchasers of time shares with rescission rights if there is a material change to the information contained in the disclosure statement; and
- (2) Require developers to provide notice to the purchaser regarding any pertinent or material change made to the disclosure statement.

Your Committee received testimony in support of this measure from the American Resort Development Association. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that under existing law, a developer must submit any proposed changes to its disclosure statement to the Department of Commerce and Consumer Affairs (Department) for review and acceptance prior to providing the amended disclosure statement to purchasers. Purchasers who have entered into binding contracts, but whose sales have not yet closed, are not aware of



these material changes while the Department is reviewing the amended disclosure statement. Accordingly, this measure would require notice of pertinent or material changes to purchasers and give purchasers a seven calendar day right to rescind a sales contract if, prior to the closing, there is a material change in the plan.

Your Committee has amended this measure by:

- (1) Clarifying that the developer shall deliver to a purchaser by certified mail a description of the material change and a rescission form;
- (2) Clarifying that the rescission period shall end seven calendar days after the purchaser's receipt of the notice of material change;
- (3) Clarifying that in the event of a valid exercise of a purchaser's right of rescission, the purchaser shall be entitled to a prompt and full refund of any moneys paid; provided that the developer may withhold up to \$25 in the event the purchaser does not return all materials to the developer; 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, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2273, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2273, S.D. 1, and be referred to your Committee on Judiciary.

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

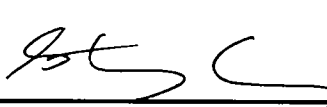


ROSALYN H. BAKER, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2273	CPH, JDC	1/28/20
<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)	✓	
CHANG, Stanley (VC)	✓	
NISHIHARA, Clarence K.		✓
RUDERMAN, Russell E.	✓	
THIELEN, Laura H.	✓	
WAKAI, Glenn	✓	
FEVELLA, Kurt		✓
TOTAL	5	2
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