

STAND. COM. REP. NO.

3064

Honolulu, Hawaii

MAR 20 2008

RE: H.B. No. 2372  
H.D. 2  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and Affordable Housing, to which was referred H.B. No. 2372, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TIME SHARE PLANS, "

begs leave to report as follows:

The purpose of this measure is to address an omission in time share laws by allowing the sale of an additional interest in a time share plan to an existing customer in Hawaii when the time share plan is not registered in Hawaii.

Specifically, this measure:

- (1) Allows registered developers to sell additional time share interests to existing owners of an out-of-state time share plan that is not registered in Hawaii; and
- (2) Allows registered developers to sell time share interests in an out-of-state time share plan that has not been registered in Hawaii to anyone who owns an interest in any of the developer's time share plans.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs; Group RCI; the American Resort Development Association (ARDA); and Wyndham Worldwide.



Hawaii's time share industry currently accounts for over eight per cent of the lodging inventory in the State and plays an integral role in Hawaii's tourism offerings. Existing law does not allow the sale of an additional interest in a time share plan to an existing customer in Hawaii when the time share plan is not registered in Hawaii. Your Committee finds that allowing an entity in Hawaii to sell additional interests to their existing owners, without having to satisfy all of the state registration requirements while ensuring certain consumer protection safeguards are met, will enable the time share industry in Hawaii to further expand and provide greater tourism offerings in the State.

Your Committee recognizes the efforts of Wyndham Worldwide and the Department of Commerce and Consumer Affairs in working together to develop language that addresses the concerns raised by the Department with respect to the proposed exemption to the time share laws in this measure. Your Committee notes that the concern regarding the incorporation of affiliates under common control as an exemption has not yet been resolved, and encourages further discussion on this matter as this measure moves through the legislative process.

Accordingly, your Committee has amended this measure by:

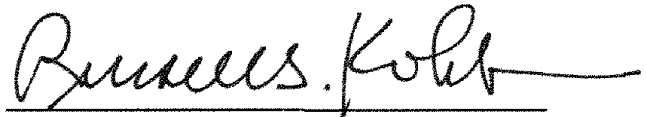
- (1) Deleting its contents and replacing it with language proposed by Wyndham Worldwide in cooperation with the Department of Commerce and Consumer Affairs that:
  - (A) Addresses concerns raised by the Department with respect to this measure; and
  - (B) Adds additional consumer protection provisions to ensure that owners are fully protected;
- (2) Inserting an effective date of July 1, 2050, to ensure further discussion on this matter; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2372, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form



attached hereto as H.B. No. 2372, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

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




RUSSELL S. KOKUBUN, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Commerce, Consumer Protection and Affordable Housing**  
**CPH**

Bill / Resolution No.:*	Committee Referral:	Date:
HB 2372 HDZ	CPH, WAM	3-18-08
<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	
KOKUBUN, Russell S. (C)	✓	
IGE, David Y. (VC)		✓
ESPERO, Will	✓	
IHARA, Jr., Les		✓
SAKAMOTO, Norman		✓
TANIGUCHI, BRIAN T.	✓	
TRIMBLE, Gordon	✓	
<b>TOTAL</b>	4	0
Nay	0	3
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