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# SENATE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO PERFORM A SUNRISE ANALYSIS OF THE  
REGULATION OF DESTINATION CLUBS AND THOSE WHO MARKET THEM.

1           WHEREAS, over the past few years, a new luxury vacation  
2 option, "destination clubs", has emerged, offering members a  
3 unique way to gain access to a private club's portfolio of fully  
4 furnished, luxury residences with an array of five-star services  
5 and amenities in locations around the world; and

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7           WHEREAS, the destination club industry currently has more  
8 than a dozen clubs in operation; and

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10           WHEREAS, the destination club industry provides numerous  
11 economic benefits for the State, producing thousands of member  
12 visits and infusing millions of dollars into the Hawaii economy  
13 each year; and

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15           WHEREAS, there are fundamental differences between the  
16 unique business model and associated consumer protection issues  
17 of the destination club industry and others in the hospitality  
18 sector; and

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20           WHEREAS, today there are no specific regulatory statutes  
21 governing destination clubs and those who market them; and

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23           WHEREAS, since early 2006, destination clubs have been  
24 working with and receiving input from regulators, legal experts,  
25 and others in the hospitality industry in developing a  
26 regulatory scheme for destination clubs and those who market  
27 them; and

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29           WHEREAS, a group of destination clubs and those who market  
30 them, whose members comprise approximately ninety per cent of  
31 the destination club industry, have actively participated with  
32 others in recent working session meetings convened by the  
33 Department of Commerce and Consumer Affairs in an effort to



1 draft proposed legislation to regulate destination clubs and  
2 those who market them; and  
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4 WHEREAS, following the conclusion of the working session  
5 meetings that spanned over five months, the participating  
6 destination clubs have drafted proposed legislation to regulate  
7 destination clubs and those who market them for consideration by  
8 the Legislature; and  
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10 WHEREAS, section 26H-6, Hawaii Revised Statutes, first  
11 requires that any new regulatory measure governing a previously  
12 unregulated industry be referred to the Auditor for analysis;  
13 and  
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15 WHEREAS, the referral must be made by Concurrent Resolution  
16 that identifies the specific legislative bill to be analyzed;  
17 and  
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19 WHEREAS, S.B. No. 697, introduced during the Regular  
20 Session of 2007, proposes to regulate destination clubs and  
21 those who market them; now, therefore,  
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23 BE IT RESOLVED by the Senate of the Twenty-fourth  
24 Legislature of the State of Hawaii, Regular Session of 2007, the  
25 House of Representatives concurring, that the Auditor is  
26 respectfully requested to conduct a sunrise review regarding the  
27 regulation of destination clubs and those who market them as  
28 proposed under S.B. No. 697; and  
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30 BE IT FURTHER RESOLVED that the Auditor is authorized to  
31 contact parties who were involved in initial meetings regarding  
32 regulation of destination clubs, including ARDA-Hawaii and the  
33 Department of Commerce and Consumer Affairs; and  
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35 BE IT FURTHER RESOLVED that the Auditor is requested to  
36 submit findings and recommendations not later than twenty days  
37 prior to the convening of the Regular Session of 2008; and  
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39 BE IT FURTHER RESOLVED that a certified copy of this  
40 Concurrent Resolution be transmitted to the Auditor.

