

STAND. COM. REP. NO.

2077

Honolulu, Hawaii

FEB - 9 2010

RE: S.B. No. 2607
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Tourism, to which was referred S.B.
No. 2607 entitled:

"A BILL FOR AN ACT RELATING TO ACTIVITY DESKS,"

begs leave to report as follows:

The purpose of this measure is to clarify requirements for
activity providers and activity desks, by:

- (1) Establishing record keeping requirements for client
trust accounts;
- (2) Requiring registration numbers on all advertising
materials, and prohibiting an activity desk from booking
or placing a reservation for activities until full
payment for the activity is received or direct payment
is arranged;
- (3) Clarifying that all sums paid to an activity desk for
activities furnished by an activity provider shall be
held in trust for the benefit of the person making the
payment and the activity provider; and
- (4) Repealing the authority to substitute a bond or letter
of credit for a client trust account.

Testimony in support of this measure was submitted by the
Department of Commerce and Consumer Affairs; Activities &
Attractions Association of Hawaii; Safari Aviation Inc.; and Maui

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Classic Charters, Inc. Testimony in opposition was submitted by Activity Link Systems, LLC. Comments were submitted by Paradise Cruise, Ltd.

Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that this measure will assist the Regulated Industries Complaints Office in conducting a thorough investigation of possible violations in an expeditious manner and will provide guidance to registrants as to how long records must be maintained. In addition, the amendments will ensure that an activity desk does not book reservations with providers until it receives full payment or where direct payment is made to the activity provider at the time of the activity; the current law does not address this situation.

Your Committee understands that the industry is continuing discussions regarding the repeal of the requirement for a performance bond and irrevocable letter of credit.

Your Committee has amended this measure by:

- (1) Clarifying that an activity desk is prohibited from failing to obtain full payment for activities prior to or at the time activity reservations are booked or placed with the activity provider, or within three business days, except where the reservation specifically provides for direct payment of the amounts owed;
- (2) Deleting the repeal of the requirement for a performance bond and irrevocable letter of credit; and
- (3) Making technical amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2607, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2607, 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,

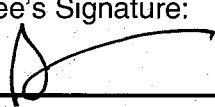
Clarence K. Nishihara

CLARENCE K. NISHIHARA, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Tourism
TSM

Bill / Resolution No.:* SB2607	Committee Referral: TSM, CPN	Date: <div style="font-size: 1.5em; text-align: center;">2/2/10</div>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div> <input type="checkbox"/> Pass, unamended 2312 </div> <div> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div> <input type="checkbox"/> Hold 2310 </div> <div> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
NISHIHARA, Clarence K. (C)	✓			
GALUTERIA, Brickwood (VC)	✓			
KIDANI, Michelle N.				✓
TSUTSUI, Shan S.	✓			
SLOM, Sam				✓
TOTAL	3			2
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="text-align: center; font-size: 1.5em;">  </div>				
Distribution: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

***Only one measure per Record of Votes**