

STAND. COM. REP. NO.

845

Honolulu, Hawaii

MAR 03 2023

RE: S.B. No. 1131
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 1131, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to amend the definitions of "time share interest" and "time share plan" to include any fractional ownership plan for a joint homeownership limited liability company, or any other entity.

Your Committee finds that a time share plan is a shared ownership model of vacation real estate in which multiple purchasers own allotments of usage, typically in one-week increments, in the same property. Because of its fractional ownership structure, time share plans are popular in vacation locales where owners may want only occasional control of a property, such as for vacation stays.

Your Committee further finds that, while the State regulates time share plans under chapter 514E, Hawaii Revised Statutes (HRS), a new form of time share, the joint homeownership limited liability company, does not currently fall within the scope of the State's time share laws. Under this new scheme, buyers can purchase shares in a limited liability company that owns a property and the buyers can then use the property as a second home. The result of these vacation homes masquerading as joint



homeownership limited liability companies has resulted in the evasion of county taxes and state regulations to the detriment of communities, particularly on Maui. Your Committee finds that despite its new form, the joint homeownership limited liability company is substantively a time share plan. Therefore, this measure will require that joint homeownership limited liability companies are appropriately regulated under chapter 514E, HRS.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1131, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,

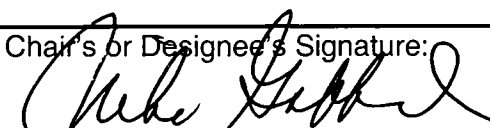


KARL RHOADS, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1131 SD1	CPN, JDC	3/1/23		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
RHOADS, Karl (C)	✓			
GABBARD, Mike (VC)	✓			
ELEFANTE, Brandon J.C.	✓			
SAN BUENAVENTURA, Joy A.	✓			
AWA, Brenton				✓
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