



HAWAII VACATION OWNERSHIP FAXLETTER

An Update on Vacation Ownership Issues in Hawaii

Mitchell A. Imanaka, Editor
Nina L. Yang, Co-Editor

Vol. 6, No. 2
May 2006

UPDATE ON BILLS THAT PASSED THE 2006 LEGISLATIVE SESSION

At the close of the 2006 Legislative Session, a number of industry-related measures were passed. The following is an update of the status of some of the more significant measures this 2006 Legislative Session. A list of all the measures that passed this 2006 Legislative Session can be viewed at http://www.capitol.hawaii.gov/sessioncurrent/lists/passed_list.asp.

TIME SHARE ZONING

Senate Bill 2057 sought to amend Hawaii Revised Statutes Section 514E-5 to authorize counties to establish a time share zoning district, and restrict time share units and time share plans to such newly-developed districts. **This measure was held by the Economic Development and Business Committee on March 14, 2006.**

OUT-OF-STATE SALES OF HAWAII TIME SHARE INTERESTS

Senate Bill 2454 sought to amend Hawaii Revised Statutes Chapter 514E by adding a new section to exempt from Hawaii's time share laws a sale outside of the United States of a time share interest in a time share unit located in Hawaii if such time share unit is part of a time share plan that was previously registered in Hawaii, provided that such time share plan does not place blanket liens on the Hawaii time share units. **Senate Bill 2454 passed final reading on May 2, 2006 and will be transmitted to the Governor for signature.** The entire text of the measure can be viewed at http://www.capitol.hawaii.gov/sessioncurrent/bills/sb2454_hd2_.htm.

CONDOMINIUM-RELATED MEASURES

House Bill 3225 amends certain provisions in the Hawaii Revised Statutes to make such provisions consistent with Chapter 514B, Hawaii's new condominium law. Also, the measure amends, among other things, the scope of applicability of Chapter 514B to preexisting condominiums. **House Bill 3225 passed final reading on May 2, 2006 and will be transmitted to the Governor for signature.** The entire text of the measure can be viewed at http://www.capitol.hawaii.gov/sessioncurrent/bills/hb3225_cd1_.htm.

PLANNED COMMUNITY ASSOCIATIONS

House Bill 1935 sought to amend Chapter 508D to provide a prospective purchaser of residential real property in a planned community the right to receive and review a disclosure statement, which would include the declaration and other association documents, as well as the right to cancel the sales contract within fifteen (15) days of the receipt of the disclosure statement. **This measure would not apply to (i) time share interests as defined under Chapter 514E; and (ii) the sale of condominium apartments accompanied by the delivery of an unexpired public report. House Bill 1935 passed final reading on May 2, 2006 and will be transmitted to the Governor for signature.** The entire text of this measure can be viewed at http://www.capitol.hawaii.gov/sessioncurrent/bills/hb1935_cd1_.htm.

TAX

House Bill 1800 sought to amend Hawaii Revised Statutes Section 235-68(b) to increase the tax withheld upon disposition of real property by non-resident sellers by requiring that a non-resident seller deduct and withhold a tax equal to eight and a quarter percent (8.25%) of the amount realized on the disposition of real property. Currently, non-resident sellers are required to deduct and withhold a tax equal to five percent (5%) of the amount realized on the disposition of real property. **House Bill 1800 passed final reading on May 2, 2006 and will be transmitted to the Governor for signature.** The entire text for this measure can be viewed at http://www.capitol.hawaii.gov/sessioncurrent/bills/hb1800_cd1_.htm.

O ka pono ke hana 'ia a iho mai na lani
Continue to do good until the heavens come down to you.
Blessings come to those who persist in doing good.

The information provided herein is provided without a fee for the use of our clients and does not offer any specific legal advice or counsel on any issue discussed herein.

*Copyright 2006 Imanaka Kudo & Fujimoto
All rights reserved.*

We hope that you have found this faxletter informative. However, if you prefer not to receive future issues, please write you name/company name legibly, and fax this issue back to us at (808) 541-9050. Thank you.

