

SENATE BILL NO. 355

2/07 Introduced  
2/08 Referred to Business & Industry  
2/11 Fiscal Note Requested  
2/15 Fiscal Note Received  
2/20 Hearing  
2/21 Adverse Committee Report  
2/21 Bill Killed



1 business trust, estate, trust, partnership, association,  
2 joint venture, or other legal or commercial entity.

3 (11) "Prize and gift promotional offer" means any  
4 advertising material stating that a prospective purchaser  
5 may receive goods or services other than the timeshare plan  
6 itself, either free or at a discount, including but not  
7 limited to the use of any prize, gift, award, premium, or  
8 lodging or vacation certificate.

9 (12) "Project" means the real property or real estate,  
10 which must contain more than one unit, in which timeshares  
11 are created by a single instrument or set of instruments.

12 (13) "Purchaser" means any person, other than a  
13 developer, who by means of a voluntary transfer acquires a  
14 legal or equitable interest in a timeshare, other than as  
15 security for an obligation.

16 (14) "Real estate" means real estate as defined in  
17 37-51-102.

18 (15) "Sale" or "sell" includes every contract of sale  
19 of, contract to sell, or disposition of a timeshare for  
20 value.

21 (16) "Salesman" includes an individual who for a  
22 salary, commission, or compensation of any kind is  
23 associated, either directly or indirectly, regularly or  
24 occasionally, with a real estate broker to sell, purchase,  
25 or negotiate for the sale, purchase, exchange, or renting of

1 real estate and who, on behalf of a developer, sells or  
2 offers to sell a timeshare to a purchaser.

3 (17) "Timeshare" means a right to occupy a unit or any  
4 of several units during five or more separate intervals over  
5 a period of at least 5 years, including renewal options,  
6 whether or not coupled with an estate in land.

7 (18) "Timeshare expenses" means expenditures, fees,  
8 charges, or liabilities:

9 (a) incurred with respect to the timeshares by or on  
10 behalf of all timeshare owners in one timeshare property;  
11 and

12 (b) imposed on the timeshare by the entity governing a  
13 project of which the timeshare is a part, together with any  
14 allocations to reserves but excluding purchase money payable  
15 for timeshares.

16 (19) "Timeshare instrument" means one or more  
17 documents, by whatever name denominated, creating or  
18 regulating timeshares.

19 (20) "Timeshare owner" means a person who is an owner  
20 or co-owner of a timeshare. If title to a timeshare is held  
21 in trust, timeshare owner means the beneficiary of the  
22 trust.

23 (21) "Unit" means the real or personal property or  
24 portion thereof in which the timeshare exists and which is  
25 designated for separate use. Unit also includes campgrounds,

1 camp sites, and outdoor recreation sites with spaces  
 2 designed or promoted for the purpose of locating a trailer,  
 3 tent, tent trailer, camper, recreational vehicle, or similar  
 4 device for land-based portable housing. The term does not  
 5 include a mobile home park leasing space on a monthly or  
 6 longer basis.

7 Section 3. Registration of timeshare offering  
 8 required. A timeshare offering may not be advertised,  
 9 offered, or sold in this state unless it is registered as  
 10 provided in [this act].

11 Section 4. Application for registration. An  
 12 application for registration of a timeshare offering must be  
 13 made on a form prescribed by the board after suggestions and  
 14 input from the timeshare industry. The application must be  
 15 signed by the applicant and must be accompanied by the  
 16 registration fee. Except as provided in [section 6], the  
 17 application must contain:

18 (1) financial statements showing the financial  
 19 condition of the developer and any affiliate, including:

20 (a) a balance sheet dated within 4 months before the  
 21 filing of the application for registration; and

22 (b) statements of income, shareholders' equity, and  
 23 material changes in financial position as of the end of the  
 24 prior fiscal year and for any period between the end of the  
 25 prior fiscal year and the date of the last balance sheet;

1 (2) a projected budget for the timeshare project for 2  
 2 years after the offering being made, including but not  
 3 limited to source of revenues and expenses of construction,  
 4 development, management, maintenance, advertisement,  
 5 operating reserves, interest, and any other necessary  
 6 reserves;

7 (3) a statement, which must be annually updated, of  
 8 the selling costs per unit and total sales costs for the  
 9 project, including sales commissions, advertisement fees,  
 10 and fees for promotional literature;

11 (4) a description of the background of the developers  
 12 for the previous 10 years, including information about the  
 13 business experience of the developer and any relevant  
 14 criminal convictions, civil lawsuits, or administrative  
 15 actions related to any offering during that period;

16 (5) a statement disclosing any fees in excess of the  
 17 stated price per unit to be charged to the purchasers, a  
 18 description of their purpose, and the method of calculation;

19 (6) a statement disclosing when and where the  
 20 developer or an affiliate has previously sold timeshares;

21 (7) a statement of any liens, defects, or encumbrances  
 22 on or affecting the title to the timeshare units;

23 (8) copies of all timeshare instruments;

24 (9) a copy of the disclosure document, provided for in  
 25 [section 14], signed by the applicant;

1 (10) an irrevocable consent to service of process  
2 signed by the applicant; and

3 (11) any other information that the board may by rule  
4 require in the protection of the public interest or  
5 necessary to describe the risks involved.

6 Section 5. Registration period -- renewal. (1) A  
7 timeshare offering registration is effective for a period of  
8 1 year from the date of approval of the registration  
9 application.

10 (2) Registration of a timeshare offering may be  
11 renewed for additional periods of 1 year by filing a renewal  
12 application with the board no later than 30 days before the  
13 expiration of the registration period and paying the  
14 prescribed fee. A renewal application must contain any  
15 information the board requires to indicate any substantial  
16 changes in the information contained in the original  
17 application.

18 (3) If a materially adverse change in the condition of  
19 the developer or the developer's affiliates occurs during  
20 any year, an amendment to the documents filed under [section  
21 4] must be filed, along with the prescribed fee, as soon as  
22 reasonably possible and before any further sales occur.

23 Section 6. Alternative filing documents. (1) In lieu  
24 of the documents required to be filed with an application  
25 under [section 4], the board may accept:

1 (a) a disclosure document filed with an agency of the  
2 United States or any other state; or

3 (b) a disclosure document compiled in accordance with  
4 a rule of an agency of the United States or any other state.

5 (2) The board shall prescribe by rule those documents  
6 acceptable under subsection (1).

7 Section 7. Exemption from registration. The  
8 registration requirements of [this act] do not apply to:

9 (1) an offer, sale, or transfer of not more than one  
10 timeshare in a 12-month period;

11 (2) a gratuitous transfer of a timeshare;

12 (3) a sale under court order;

13 (4) a sale by any government or a governmental agency;

14 (5) a sale by forfeiture, foreclosure, or deed in lieu  
15 of foreclosure; or

16 (6) a sale of a timeshare project or all timeshare  
17 units therein to any one purchaser.

18 Section 8. Approval or disapproval of application or  
19 registration. (1) Registration of a timeshare offering is  
20 effective upon written notice of approval of the application  
21 by the board or upon the passage of 30 calendar days after  
22 filing of a completed application if not approved or denied  
23 prior to that time.

24 (2) The board may issue a summary order, subject to  
25 [section 25], denying, suspending, or revoking any timeshare

1 application or registration if the board finds that the  
2 order is in the public interest and that:

3 (a) the application or registration is incomplete or  
4 contains any statement that is false or misleading with  
5 respect to any material fact;

6 (b) any provision of [this act] or any rule or order  
7 lawfully issued under [this act] has been violated;

8 (c) the activities of the developer include, or would  
9 include, activities that are illegal; or

10 (d) the timeshare offering has worked or would work or  
11 tend to work a fraud on purchasers.

12 (3) The board shall promptly notify the applicant or  
13 registrant of any order denying, suspending, or revoking  
14 registration and of the applicant's or registrant's right to  
15 request a hearing within 20 days of receipt of notification.  
16 If the applicant or registrant does not request a hearing,  
17 the order remains in effect until the board modifies or  
18 vacates it.

19 Section 9. Conditions upon registration. In order to  
20 protect the public interest, the board may require as a  
21 condition of registration that the registrant establish an  
22 independent trust, escrow, or similar arrangement that  
23 assures the timeshare purchaser quiet enjoyment of the  
24 timeshare unit.

25 Section 10. Waiver of liability. The fact that an

1 application for registration has been filed or that a  
2 timeshare offering has been registered does not constitute a  
3 finding by the board that any document filed under [this  
4 act] is complete, true, and not misleading. The filing or  
5 registration does not mean that the board has given approval  
6 to, recommended, or determined the merits or qualifications  
7 of any person, timeshare, or transaction.

8 Section 11. Approval of advertising. (1) No person may  
9 publish any advertisement in this state offering a timeshare  
10 that is subject to the registration requirements of [section  
11 3] unless a true copy of the advertisement has been filed in  
12 the office of the board at least 7 days before publication  
13 or such shorter period as the board may establish by rule.  
14 The right to publish the advertisement after filing is  
15 subject to the approval of the board within that 7-day or  
16 shorter period.

17 (2) Nothing in [this act] applies to any radio or  
18 television station or any publisher, printer, or distributor  
19 of any newspaper, magazine, billboard, or other advertising  
20 medium that accepts advertising in good faith without  
21 reasonable knowledge of its violation of any provision of  
22 [this act].

23 Section 12. Licensure of brokers and salesmen. An  
24 individual or managing entity offering timeshare units for  
25 his own account or for the account of others must be

1 licensed as a timeshare salesman or broker unless the  
 2 offering is exempt under [section 7]. Licensure may be  
 3 obtained upon compliance with the provisions of Title 37,  
 4 chapter 51, part 3, and passing an examination, prescribed  
 5 by the board, demonstrating knowledge of the timeshare  
 6 industry and [this act].

7 Section 13. Denial, suspension, or revocation of  
 8 license or application. The board may by summary order,  
 9 subject to [section 25], deny, suspend, or revoke a  
 10 timeshare salesman's or broker's license or application for  
 11 license if the board finds that the order is in the public  
 12 interest and the applicant or licensee:

13 (1) has filed an application for licensure as a  
 14 timeshare salesman or broker that is incomplete in any  
 15 material respect or contains any statement that is, in the  
 16 light of the circumstances under which it was made, false or  
 17 misleading with respect to any material fact;

18 (2) has violated or failed to comply with any  
 19 provision of [this act], Title 37, chapter 51, or rules  
 20 adopted under [this act] or Title 37, chapter 51;

21 (3) has been convicted of a felony involving theft,  
 22 fraud, or any consumer protection statute or a felony  
 23 involving moral turpitude and relating to the occupation of  
 24 timeshare salesman or broker;

25 (4) is permanently or temporarily enjoined by any

1 court from engaging in or continuing any conduct or practice  
 2 involving any aspect of the timeshare business;

3 (5) has engaged in dishonest or unethical practices in  
 4 the timeshare business; or

5 (6) has not complied with a condition imposed by the  
 6 board or is not qualified on the basis of such factors as  
 7 training, experience, or knowledge of the timeshare business  
 8 or [this act].

9 Section 14. Disclosure document. A person who offers  
 10 or sells a timeshare must provide the prospective purchaser  
 11 with a written disclosure document before the prospective  
 12 purchaser signs an agreement for the purchase of a  
 13 timeshare. The salesman shall date and sign the disclosure  
 14 document. The disclosure document must include:

15 (1) the official name and address of the developer,  
 16 its parent or affiliates, and the names and addresses of the  
 17 director and officers of each;

18 (2) the location of the timeshare property;

19 (3) a general description of the timeshare property  
 20 and the timeshare units;

21 (4) a list of all units offered by the promoter in the  
 22 same project, including:

23 (a) the types, current prices, and number of units;

24 (b) the types and durations of the timeshares;

25 (c) the maximum number of units that may become part

1 of the timeshare property; and

2 (d) a statement of the maximum number of timeshares  
3 that may be created or a statement that there is no maximum;

4 (5) a description of the types of financing offered by  
5 the promoter;

6 (6) a statement of ownership of all properties  
7 included in the timeshare offering, including any liens or  
8 encumbrances affecting the property;

9 (7) copies of any agreements or leases to be signed by  
10 timeshare purchasers at closing and a copy of the timeshare  
11 instrument;

12 (8) the identity of the managing entity, the name,  
13 address, and telephone number of the person or persons in  
14 charge, and the manner, if any, whereby the developer may  
15 change the managing entity;

16 (9) a statement disclosing when and where the  
17 developer or its affiliate has previously sold timeshares;

18 (10) a description of the nature and purpose of all  
19 charges, dues, maintenance fees, and other expenses that may  
20 be assessed, including:

21 (a) the current amounts assessed;

22 (b) the method and formula for charges; and

23 (c) the formula for payment of charges if all  
24 timeshares are not sold and a statement of who pays  
25 additional costs;

1 (11) any services that the developer provides or  
2 expenses the developer pays which the developer expects may  
3 become a timeshare expense at any subsequent time;

4 (12) a statement in boldface type on the cover page of  
5 the disclosure document that, within 7 days after receipt of  
6 a disclosure document or the signing of the timeshare  
7 purchase agreement, whichever is later, a purchaser may  
8 cancel any agreement for the purchase of a timeshare from a  
9 developer or a salesman and that the cancellation must be in  
10 writing and be either hand delivered or delivered by  
11 certified mail to the developer or the developer's agent.  
12 An identical statement must appear on the cover page of the  
13 timeshare purchase agreement.

14 (13) any restrictions on transfer of a timeshare or  
15 portion thereof;

16 (14) a description of any insurance coverage provided  
17 by the managing entity or the timeshare owners association  
18 for the benefit of timeshare owners;

19 (15) a full and accurate disclosure of whether the  
20 timeshare owners are to be permitted or required to become  
21 members of or participate in any program for the exchange of  
22 property rights among themselves or with the timeshare  
23 owners of other timeshare units, or both, and a complete  
24 description of the program; and

25 (16) any additional information the board finds



1 necessary to fully inform prospective timeshare purchasers,  
2 including but not limited to the financial and background  
3 information required by [section 4].

4 Section 15. Disclosure to purchaser -- cancellation of  
5 agreement. The developer or any person offering a timeshare  
6 shall provide a prospective purchaser with a copy of the  
7 disclosure document described in [section 14] before the  
8 execution of any agreement for the purchase of a timeshare.  
9 A purchaser may, for 7 days following receipt of a  
10 disclosure document or signing of a timeshare purchase  
11 agreement, whichever is later, cancel the agreement and  
12 receive a refund of any consideration paid by providing  
13 written notice of the cancellation to the promoter or the  
14 promoter's agent either by certified mail or hand delivery.  
15 If the purchaser does not receive the disclosure document,  
16 the agreement is voidable by the purchaser until the  
17 purchaser receives the document and for 7 days thereafter.  
18 The provisions of this section may not be waived.

19 Section 16. Transfer of developer's interest. A  
20 developer may not sell, lease, assign, or otherwise transfer  
21 his interest in a timeshare project unless the transferee  
22 agrees in writing to honor the timeshare purchaser's right  
23 to use and occupy the timeshare unit, honor the purchaser's  
24 right to cancel, and comply with [this act]. Each timeshare  
25 purchaser whose contract may be affected must be given

1 written notice of a transfer immediately after the transfer  
2 is made.

3 Section 17. Good faith requirement -- prohibited  
4 provisions. (1) The parties to a timeshare agreement shall  
5 deal with each other in good faith.

6 (2) A timeshare developer may not require a timeshare  
7 purchaser to agree to a release, assignment, novation,  
8 waiver, or any other provision that relieves a person from a  
9 duty imposed by [this act].

10 (3) Any provision in a timeshare contract or agreement  
11 which designates jurisdiction or venue in a forum outside  
12 this state or the state or other jurisdiction where the  
13 project is located is void with respect to any cause of  
14 action that is enforceable in this state.

15 Section 18. Illegal practices. (1) It is unlawful for  
16 any person in connection with the offer, sale, or lease of  
17 any timeshare in the state to:

18 (a) make any untrue or misleading statement of a  
19 material fact or to omit a material fact;

20 (b) employ any device, scheme, or artifice to defraud;

21 (c) engage in any act, practice, or course of business  
22 that operates or would operate as a fraud or deceit upon any  
23 person;

24 (d) file or cause to be filed with the board any  
25 document that contains any untrue or misleading information;

1 or

2 (e) violate any provision of [this act] or any  
3 applicable provision of Title 37, chapter 51, or rule  
4 adopted under [this act] or Title 37, chapter 51, regarding  
5 registration or sale of timeshare offerings.

6 (2) A violation of this section is a misdemeanor  
7 punishable as provided in 46-18-212.

8 Section 19. Civil liability. Any person who offers,  
9 sells, or materially aids in the offer or sale of a  
10 timeshare in violation of [this act] is liable to the person  
11 buying the timeshare, who may sue to recover the  
12 consideration paid for the timeshare, together with interest  
13 at the current legal rate from date of payment and costs,  
14 upon the tender of the timeshare or for damages if the  
15 person no longer owns the timeshare.

16 Section 20. Prize and gift promotional offers --  
17 filing. (1) A separate filing for each prize and gift  
18 promotional offer to be used in the sale of timeshare  
19 intervals must be made with the board at least 14 days prior  
20 to the use of such offer by the developer. No advertising  
21 material related to a prize and gift promotional offer may  
22 be distributed unless it is first filed with the board, with  
23 one item of each prize or gift, except cash, being made  
24 available for inspection by the board. If the board  
25 determines that any prize or gift has been misrepresented

1 and if upon notification thereof the developer fails to  
2 correct such misrepresentation, the board may revoke or  
3 suspend the application or registration of the developer.

4 (2) Each filing of a prize and gift promotional offer  
5 with the board must include, when applicable:

6 (a) a copy of all advertising material to be used in  
7 connection with the prize and gift promotional offer;

8 (b) the name, address, and telephone number (including  
9 area code) of the supplier or manufacturer from whom each  
10 type or variety of prize, gift, or other item is obtained;

11 (c) the manufacturer's model number or other  
12 description of such item;

13 (d) the information on which the developer relies in  
14 determining the verifiable retail value;

15 (e) the name, address, and telephone number (including  
16 area code) of the promotional entity responsible for  
17 overseeing and operating the prize and gift promotional  
18 offer; and

19 (f) the name and address of the registered agent in  
20 this state of the promotional entity for service of process  
21 purposes.

22 (3) Each developer shall file with the board by March  
23 1 of each year the following information regarding each  
24 prize and gift promotional offer used during the prior  
25 calendar year:

1 (a) the total number of each prize, gift, or other  
2 item actually awarded or given away; and

3 (b) the name, address, and telephone number (including  
4 area code) of each person who actually received a prize,  
5 gift, or other item that had a verifiable retail value or  
6 manufacturer's suggested retail price in excess of \$150.

7 Section 21. Prize and gift promotional offer  
8 advertising content. All advertising material to be  
9 distributed in connection with a prize and gift promotional  
10 offer must contain:

11 (1) a description of the prize, gift, or other item  
12 that the prospective purchaser will actually receive,  
13 including the manufacturer's suggested retail price or, if  
14 none is available, the verifiable retail value;

15 (2) all rules, terms, requirements, and preconditions  
16 that must be fulfilled or met before a prospective purchaser  
17 may claim any prize, gift, or other item involved in the  
18 prize and gift promotional plan, including whether the  
19 prospective purchaser is required to attend a sales  
20 presentation in order to receive the prize, gift, or other  
21 item;

22 (3) the date upon which the offer expires;

23 (4) if the number of prizes, gifts, or other items to  
24 be awarded is limited, a statement of the number of items  
25 that will be awarded; and

1 (5) the method by which prizes, gifts, or other items  
2 are to be awarded.

3 Section 22. Awarding of gifts and prizes. (1) Any  
4 prize, gift, or other item offered pursuant to a prize and  
5 gift promotional offer must be delivered to the prospective  
6 purchaser on the day he appears to claim it, whether or not  
7 he purchases a timeshare interval. However, if the prize is  
8 not available, it must be presented or mailed at the  
9 developer's expense, postage prepaid, within 30 days after  
10 the date of the visit.

11 (2) All prizes, gifts, or other items represented by  
12 the developer to be awarded in connection with any prize and  
13 gift promotional offer must be awarded by the date  
14 referenced in the advertising material used in connection  
15 with such offer.

16 (3) Whenever prizes or gifts offered pursuant to a  
17 promotional offer are to be awarded by or through a  
18 promotional entity that is not affiliated with the  
19 developer, the promotional entity must deliver the prize or  
20 gift to the prospective purchaser as soon after notification  
21 of the award as is reasonably possible.

22 Section 23. Investigations by board. (1) The board  
23 may:

24 (a) conduct public or private investigations within or  
25 outside the state to determine whether any registration

1 should be granted, denied, or revoked or whether any person  
 2 has violated or is about to violate any provision of [this  
 3 act] or any rule or order issued under [this act] or to aid  
 4 in the enforcement of [this act] and rules issued under  
 5 [this act];

6 (b) administer oaths and affirmations, subpoena  
 7 witnesses and compel their attendance, take evidence, and  
 8 require the production of any books, papers, correspondence,  
 9 memoranda, agreements, or other documents or records that  
 10 the board considers relevant to the inquiry;

11 (c) publish information concerning any violation of  
 12 [this act] or any rule or order issued under [this act].

13 (2) If a person fails to comply with a lawful  
 14 subpoena, refuses to testify under lawful interrogation, or  
 15 refuses to produce documents and records, the board may  
 16 apply to the district court of any county for relief. After  
 17 satisfactory evidence of willful disobedience, the court may  
 18 compel obedience by proceedings for contempt.

19 Section 24. Cease and desist orders. The board may by  
 20 summary order, subject to [section 25], require any person  
 21 to cease and desist from an act or practice if it appears  
 22 that the person is violating or is about to violate any  
 23 provision of [this act] or any rule or order issued under  
 24 [this act].

25 Section 25. Hearing procedure -- orders. (1) Upon the

1 entry of an order under [section 8], [section 13], or  
 2 [section 24], the board shall promptly notify the applicant  
 3 or registrant that the order has been entered and the  
 4 reasons therefor, and that if requested in writing by the  
 5 applicant or registrant within 20 days after the receipt of  
 6 the board's notification, the matter will be scheduled for  
 7 hearing in accordance with subsections (2) and (3).

8 (2) Upon entry of a summary order, the following shall  
 9 apply:

10 (a) If entry of the summary order results in denial of  
 11 an application under [section 8 or 13], the hearing must be  
 12 held within a reasonable time and in accordance with Title  
 13 2, chapter 4.

14 (b) If entry of the summary order results in the  
 15 revocation or suspension of a registration or license under  
 16 [section 8 or 13], the registrant shall have an opportunity  
 17 within 20 days of receipt of the order to appear before the  
 18 board to show cause why the summary order should not remain  
 19 in effect. If the board finds that good cause is shown, it  
 20 shall vacate the summary order. If it finds that good cause  
 21 is not shown, the summary order shall remain in effect and  
 22 the board shall give notice of opportunity for hearing,  
 23 which must be held within a reasonable time and in  
 24 accordance with Title 2, chapter 4.

25 (3) If the applicant or registrant does not request a

1 hearing within 20 days after receipt of notice of  
2 opportunity for hearing, the order becomes final.

3 Section 26. Attorney general to act as attorney for  
4 board. The attorney general shall act as attorney for the  
5 board in actions and proceedings brought by or against it  
6 under [this act]. Fees and expenses of the attorney general  
7 acting in this capacity must be paid out of board money in  
8 the state special revenue fund.

9 Section 27. Injunctions. (1) The attorney general, in  
10 the name of the state or the board, may bring an action to  
11 enjoin any person from violating any provision of [this  
12 act]. Upon a proper showing, the district court shall grant  
13 a permanent or temporary injunction, restraining order, or  
14 writ of mandamus. The court may make any additional orders  
15 or judgments that may be necessary to restore to any person  
16 any interest in any money or property, real or personal,  
17 which may have been acquired by means of any act prohibited  
18 or declared to be unlawful under [this act]. The prevailing  
19 party may recover costs of the action, including a  
20 reasonable attorney's fee.

21 (2) The district court issuing an injunction shall  
22 retain jurisdiction. Any person who violates the terms of  
23 an injunction shall pay a civil penalty as set by the court  
24 but not to exceed \$25,000.

25 (3) The attorney general, in the name of the state or

1 the board, may apply to the district court to appoint a  
2 receiver or conservator for any person or the assets of any  
3 person who is subject to a cease and desist order, permanent  
4 or temporary injunction, restraining order, or writ of  
5 mandamus.

6 Section 28. Criminal proceedings. The board may refer  
7 evidence concerning violations of [this act] to the attorney  
8 general or the proper prosecuting attorney, who may  
9 institute appropriate criminal proceedings.

10 Section 29. Fees. (1) The board shall charge and  
11 collect fees fixed by this section. All fees collected under  
12 [this act] must be deposited into the state special revenue  
13 fund for the use of the board and are not refundable except  
14 as provided in [this act].

15 (2) The initial fee for filing an application for  
16 registration for sale of a timeshare is \$500. Any such  
17 filing containing over 400 intervals must be accompanied by  
18 an additional fee of \$5 for each of those additional  
19 intervals.

20 (3) For an application for renewal of registration,  
21 the fee is \$200.

22 (4) For an initial application for or renewal of a  
23 license as a timeshare salesman, the fee is \$25.

24 (5) For an initial application for or renewal of a  
25 license as a broker, the fee is \$50.

1 (6) For an amendment of registration as required in  
2 [section 5(3)], the fee is \$200.

3 Section 30. Rulemaking authority. The board shall  
4 adopt rules to carry out the provisions of [this act]. The  
5 rules may include but are not limited to:

6 (1) format of forms for application and renewal of  
7 registration and prescribing any additional information to  
8 be supplied;

9 (2) documents acceptable in lieu of registration  
10 documents under [section 6];

11 (3) conditions that may be placed upon registration  
12 under [section 9];

13 (4) the subject matter of the examination for  
14 licensure as a timeshare salesman or broker; and

15 (5) additional information included in a disclosure  
16 document.

17 Section 31. Severability. If a part of this act is  
18 invalid, all valid parts that are severable from the invalid  
19 part remain in effect. If a part of this act is invalid in  
20 one or more of its applications, the part remains in effect  
21 in all valid applications that are severable from the  
22 invalid applications.

23 Section 32. Effective dates -- applicability. (1)  
24 Except as provided in subsection (2), this act is effective  
25 January 1, 1986.

1 (2) Section 30 is effective on passage and approval,  
2 but rules adopted pursuant to section 30 may not take effect  
3 prior to January 1, 1986.

-End-

## STATE OF MONTANA

REQUEST NO. FNN 403-85

## FISCAL NOTE

Form BD-15

In compliance with a written request received February 11, 19 85, there is hereby submitted a Fiscal Note for Senate Bill 355 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act regulating the offering and sale of timeshares; providing for registration of offerings and licensure of salesmen; providing remedies and penalties for violations; coordinating timeshare regulation with Title 37, Chapter 51, MCA.

ASSUMPTIONS:

1. Assume in FY 86 that registration fees will create income of \$13,500.
2. Assume in FY 87 that renewal fees will create income of \$13,500.
3. Assume in FY 87 that new registration fees will create additional income of \$1,500.
4. Assume constant administrative/support expense of \$12,532 (one investigator ( $\frac{1}{2}$ ) time \$4,063, one administrative aid ( $\frac{1}{2}$ ) time \$6,469 and office supplies, etc. of \$2,000).
5. Thereafter, assume expenditures remain the same.
6. Thereafter, assume registration/renewal fees remain constant.

FISCAL IMPACT:

## On State Special Revenues:

	<u>FY 1986</u>	<u>FY 1987</u>
Initial Registration fees	\$13,500	\$ 1,500
Renewal fees		\$13,500
Administrative Support Expenses	(\$12,532)	(\$12,532)
Estimated Net Income	\$ 968	\$ 2,468

*David L. Hunter*

BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: Feb 15, 1985

SB 355