

NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



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DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
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HONOLULU, HAWAII 96809
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FAX NO: (808) 587-1560

To: The Honorable Robert Herkes, Chair
and Members of the House Committee on Consumer Protection and Commerce

The Honorable Gilbert Keith-Agaran, Chair
and Members of the House Committee on Judiciary

Date: Wednesday, February 15, 2012

Time: 2:00 p.m.

Place: Conference Room 325, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: H.B. 1707 HD1 Relating to Transient Accommodations

The Department of Taxation (Department) supports the intent of H.B. 1707 HD1, and provides the following information and comments for the Committee's consideration.

H.B. 1707 HD1 requires nonresident owners of residential single family dwellings, apartments, or townhouses who rent their property as a transient accommodation for 30 days or less to rent the property through a licensed real estate broker or salesperson. "Nonresident owner" includes state residents who live on an island different from where the transient accommodation is located.

To date, the Department has had discussions with county real property tax officials to obtain updated out-of-state property owners. This information would be used to notify them of their possible tax obligation. Out-of-state taxpayers who infrequently file tax returns, depending whether a tax liability exists, may also receive a notice from the Department from our non-filer program which targets taxpayers who may be missing tax returns.

While these programs are helpful to bring in non-filers, it is difficult to force out-of-state residents into compliance unless we are aware of an actual rental transaction occurring and that there was an exchange of money. For example, although a property may be advertised on a website, only the owner will know the actual number of days and the rental rate that the property is rented for. This is even more problematic for the Department to enforce when the money transfers hands between the owner and renter somewhere outside of Hawaii, including through the internet.

LATE TESTIMONY

Department of Taxation Testimony
CPC-JUD HB1707
February 15, 2012
Page 2 of 2

To further insure compliance with the transient accommodations tax obligation, the Department suggests that the Committee consider requiring the Chapter 467, HRS, licensed agent be responsible for collecting and remitting the appropriate taxes owed under Chapter 237D, HRS. As written, the bill does not require the non-resident owner to engage the agent to handle the collection and remittance of taxes.

Thank you for the opportunity to provide comments.

LATE TESTIMONY

Rental unit law

Susan Plotnick [floatingsue@gmail.com]

Sent: Wednesday, February 15, 2012 9:23 AM

To: CPCtestimony

Categories: Red Category

Hello,

My name is Susan Plotnick & my husband & I own a rental property at Colony One/Sea Mountain. We live in California and will be directly affected if this law passes. Some things you should know:

- 1) we have owned & rented the unit out for over 5 years
- 2) we had a rental property management company helping us in the beginning but they closed
- 3) a women has been helping us from another property management company. She has booked exactly 2 rentals for us in the last 2 years.

If this law passes, we will be unable to continue to business as we have been doing it. There are no other rental agencies in our area, we have no choice but do things on our own. Also, as the web develops, consumers are used to finding us this way. By doing this, we have been paying our HI taxes & also employing local cleaning help. I understand collecting taxes are important for the state & not everyone has been complying. But PLEASE find another option. We would be unable to comply with this law. We love our unit & hawaii & would hate to have to sell it.

Thanks for your consideration,
Sue Plotnick
Sea Mountain #24

Testimony for HB1707 on 2/15/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

LATE TESTIMONY

Sent: Wednesday, February 15, 2012 9:26 AM

To: CPCtestimony

Cc: inbox@gt2go.net

Categories: Red Category

Attachments: tn021512.docx (13 KB)

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325

Testifier position: Oppose

Testifier will be present: No

Submitted by: Terri Nader

Organization: Individual

E-mail: inbox@gt2go.net

Submitted on: 2/15/2012

Comments:

LATE TESTIMONY

To Whom It May Concern:

As a proud homeowner in Maui, I am very distressed to see legislation that would have such a negative impact. As with many other owners, I rent out my property on my own. I work very hard to get rentals. Even with owner direct rentals, there is no profit involved. I am merely covering some of my monthly costs.

If a realtor or management agency were involved, I would lose 30% or more of my rental income. This would be a huge financial burden for myself and thousands of other owners. The real estate and rental market is suffering right now and this would cause the foreclosure rate to skyrocket.

My GET/TAT taxes are paid promptly on a MONTHLY basis and I am sure 80% of other owners do the same. I strongly OPPOSE this bill.

Instead, I would PROPOSE that all vacation homeowners be required to have an annual permit (\$25 per property). This can be used to track the taxes collected each year.

Testimony for HB1707 on 2/15/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

LATE TESTIMONY

Sent: Wednesday, February 15, 2012 9:33 AM

To: CPCtestimony

Cc: mackey_0529@yahoo.com

Categories: Red Category

Attachments: HB1707RM.docx (13 KB)

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325

Testifier position: Oppose

Testifier will be present: No

Submitted by: Richard Mackey

Organization: Individual

E-mail: mackey_0529@yahoo.com

Submitted on: 2/15/2012

Comments:

LATE TESTIMONY

HB1707:

I absolutely OPPOSE the bill. It does not differentiate between those who pay the taxes due and those who do not. It just PENALIZES us all.

This would be a negative change that would cause financial distress to many owners throughout the state.

Just because a few owners do not pay 100% of their taxes does not mean all of us should have to sacrifice our hard-earned rental income to management agencies or realtors.

Testimony for HB1707 on 2/15/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

LATE TESTIMONY

Sent: Wednesday, February 15, 2012 9:36 AM

To: CPCtestimony

Cc: miles4tn@yahoo.com

Categories: Red Category

Attachments: HB1707Testimony.docx (13 KB)

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325

Testifier position: Oppose

Testifier will be present: No

Submitted by: Mary Mackey

Organization: Individual

E-mail: miles4tn@yahoo.com

Submitted on: 2/15/2012

Comments:

LATE TESTIMONY

HB1707 is the wrong way to solve the problem with collecting taxes. I OPPOSE the bill.

My neighbors and I can barely pay our taxes, mortgages and HOA fees. If this bill went into effect it would help all the realtors and cost owners hundreds of dollars a month.

It must have been a realtor who proposed the bill. Thank you, but I don't need their hand in my pocket. I pay my GET/TAT taxes.

Testimony for HB1707 on 2/15/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

LATE TESTIMONY

Sent: Wednesday, February 15, 2012 9:41 AM

To: CPCtestimony

Cc: mystuff@horizonbound.com

Categories: Red Category

Attachments: Letter_HB1707.docx (13 KB)

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325

Testifier position: Oppose

Testifier will be present: No

Submitted by: Sandy Lander

Organization: Individual

E-mail: mystuff@horizonbound.com

Submitted on: 2/15/2012

Comments:

LATE TESTIMONY

HB1707 is the WORST idea I have ever heard.

I worked for years and years to get my condo in Maui and it is very hard to keep it these days. There is allot of competition for renters.

If I have to pay an agency or real estate office part of my rental income, I won't be able to keep my condo. Me and lots of peope will end up in foreclosure.

My taxes are paid – I don't need a real estate officer to look over my shoulder.

Testimony for HB1707 on 2/15/2012 2:00:00 PM
mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

LATE TESTIMONY

Sent: Wednesday, February 15, 2012 9:44 AM
To: CPCtestimony
Cc: zeppelin949@yahoo.com
Categories: Red Category
Attachments: HB1707Bill.docx (13 KB)

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325
Testifier position: Oppose
Testifier will be present: No
Submitted by: David Butler
Organization: Individual
E-mail: zeppelin949@yahoo.com
Submitted on: 2/15/2012

Comments:

LATE TESTIMONY

I oppose HB1707!

I have the right to manage my own property and this bill infringes on my rights. It is wrong!

There is no justification for me to have to pay rental commissions to a stranger when I do all the work to get renters and tenants.

I have never skipped a tax payment and I am sure most homeowners are the same way.

There are much better ways to make sure everyone pays their taxes, but this one is preposterous.

Testimony for HB1707 on 2/15/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

LATE TESTIMONY

Sent: Wednesday, February 15, 2012 10:19 AM

To: CPCtestimony

Cc: pensandomucho@gmail.com

Categories: Red Category

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325

Testifier position: Oppose

Testifier will be present: No

Submitted by: Viki Adams

Organization: Individual

E-mail: pensandomucho@gmail.com

Submitted on: 2/15/2012

Comments:

My husband and I live most of the year in Waikoloa, so technically our resident status means this doesn't apply to us, but I believe this bill sacrifices personal rights. It is like saying I can't cut my own hair, rather I must use a licensed stylist. We live in a vacation rental zoned complex, so when we're not on island we occasionally rent out our unit to friends and family. When we do rent it out, we use a local cleaning crew to come in after our guests leave. This bill would put them out of business, this tax paying, 3 person small business would loose most of its business because they are not affiliated with or contractors of a property management company. This bill is anti-small business. This bill is anti-personal rights. Next you'll force me to stop employing a local teenage babysitter for transiet day care because the licensed daycare centers have lobbyists. Please vote no.

Testimony for HB1707 on 2/15/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

LATE TESTIMONY

Sent: Wednesday, February 15, 2012 10:19 AM

To: CPCtestimony

Cc: Kim@resorticahawaii.com

Categories: Red Category

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325

Testifier position: Support

Testifier will be present: Yes

Submitted by: Kim Horton

Organization:

E-mail: Kim@resorticahawaii.com

Submitted on: 2/15/2012

Comments:

I am in support of HB 1707.

As a property manager on the Big Island, I run my company by the requirements set forth by the State. In doing this it costs money to pay the staff, healthcare, taxes, workers comp and all other costs of having a business.

We have had several owners approached by 'home management', 'handyman' and 'house cleaners' who are willing to do our services at a reduced rate because they do not have the expenses we do. These companies are participating in unlicensed activities and justify their acts as home cleaners and handymen. These businesses present their service as the non-resident 'on-island contact' and they don't need to pay a management companies.

The State will receive accurate information on taxes collected and revenue generated from the management company for vacation rentals. For a management company to be responsible to report this information is a very reasonable expectation from us.

I have read the testimony of the various management companies and we too have similar stories. The use of a licensed management company secures the guests funds in a client trust account, we are available 24/7 for our guests and strive for our guests to have the best experience possible.

LATE TESTIMONY

Testimony for HB1707 on 2/15/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

Sent: Wednesday, February 15, 2012 10:24 AM

To: CPCtestimony

Cc: Hailtec@aol.com

Categories: Red Category

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325
Testifier position: Oppose
Testifier will be present: No
Submitted by: Mr/Mrs William Harvey
Organization: Individual
E-mail: Hailtec@aol.com
Submitted on: 2/15/2012

Comments:

Do not pass this bill. The financial consequences will be felt on all islands. We have owned our condo since 1986 and have a tax ID number and pay all taxes due. Do not penalize all owners because of a few. Our profit margin is very slim and this will put us over the top.

LATE TESTIMONY

STARWOOD

VACATION OWNERSHIP

9002 San Marco Court
Orlando, Florida 32819
(407) 418-7271

February 15, 2012

To: Honorable Robert N. Herkes, Chair
House Committee on Consumer Protection and Commerce

Honorable Gilbert Keith-Agaran, Chair
House Committee on Judiciary

Fr: Robin Suarez, Vice President/Associate General Counsel
Starwood Vacation Ownership

RE: **HB1707 HD1 – Relating to Transient Accommodations - Oppose**

Aloha Chair Herkes, Chair Keith-Agaran and Members of the Committees:

Starwood Vacation Ownership (“Starwood”) appreciates the opportunity to offer comments on this bill which is intended to require nonresident owners of residential single family dwellings, apartments, or townhouses who rent their property as a transient accommodation for 30 days or less to rent the property through a licensed real estate broker or salesperson. We believe there will be unintended consequences if this bill is passed.

Firstly, this bill penalizes nonresident property owners by imposing added costs for their rental of property as compared to other residents. There is no justification for such discriminatory treatment in this bill.

Secondly, resident owners of rental property have the same ability to wrongfully withhold payment of taxes as do non resident owners. The better approach would be to focus on better enforcement of tax payment for both resident and nonresident owners.

Finally, forcing nonresidents to use real estate licensees for short term rental represents a retroactive impairment of their ownership. Many owners may simply not be able to find real estate licensees who are willing to perform this service. This bill could also give real estate licensees an unfair bargaining position on rental commissions and other costs.

It is likely that this bill, if passed, will fail constitutional muster.

For the aforementioned reasons, we respectfully request you to hold this bill.

Testimony for HB1707 on 2/15/2012 2:00:00 PM

LATE TESTIMONY

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

Sent: Wednesday, February 15, 2012 11:07 AM

To: CPCtestimony

Cc: tronkvoels@gmail.com

Categories: Red Category

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325
Testifier position: Oppose
Testifier will be present: No
Submitted by: Kristen Fischer
Organization: Individual
E-mail: tronkvoels@gmail.com
Submitted on: 2/15/2012

Comments:

This bill scares me as it sounds as though it will benefit private real estate companies not necessarily bring in more revenue for the state. I am strongly opposed to legislation that will lead to the wealth of private industry with the idea that the state might gain some revenue. Those already committing tax evasion will most likely continue to do so. I think we should use laws already on the books to go after those committing a crime.

I am concerned as to who would police this? Are the Real Estate professionals going to be nosing around private residences to see if the people there are renters or not?

Please reconsider this bill and find a solution that does not take the rights away from private property owners and hands them over to private industries.

Best Regards,
Kristen Fischer

LATE TESTIMONY

Catherine Nyborg
59127 Paumalu Place
Haliewa, HI 96712
(707)479-0856

Dear Representatives:

I OPPOSE HB 1707!!!!!!!!!!!!

I believe this bill is not only a total discrimination against non-resident owners, it is also taking control out of the hands of responsible persons and places them into irresponsible hands. I am **TOTALLY AGAINST** having to hire a real estate agent to represent my interests of our Hawaiian property. We already did that already and it was a complete disaster! They don't screen the customers, allow small children (there is a swimming pool and hot tub without safety railings), let people have parties, events, etc. the list goes on and on.

I pay my taxes and should not need anyone else to do it for me. I screen my prospective renters completely. We also have a great relationship with all of our neighbors because we make sure that they are not affected in any way if we have renters staying at our home. We don't allow parties or events, we have quiet rules between 10pm and 8 am which we strictly enforce by having property managers on site. We don't allow ANY street parking, etc.....

Why is that you think because a person has a real estate license they are more honest than a homeowner? I've been paying the IRS since the age of 16, every year, without any incidence, as have millions of others. Weren't realtors, mortgage brokers and bankers part of the problem with the current failure of our economy? Stop punishing the people who are trying to do the right thing by getting their TAT license and paying their taxes, keeping neighborhoods happy, contributing to the local economy (I keep 21 people regularly employed as well as promote all kinds of local buying power from my renters). Fine the people who don't have TAT license and pay their taxes. You don't need a new bill for that. It's pretty simple: punish those that deserve it no matter if they live on island or not!

Please VOTE AGAINST HB1707.

Sincerely,

Catherine Nyborg

TESTIMONY HB1707 - TWO PAGES
INCLUDING COVER

ATTN ROBERT HERKES

LATE TESTIMONY

LATE TESTIMONY

I oppose the passing of bill HB 1707 because Maui, Oahu, and the Big Island do NOT have any means for short-term rentals to be permitted. This means real estate agents will be subject to fines for representing non-permitted vacation homes. This is the cart before the horse.

First off, Hawaii State residents living on the outer islands should not be considered non-residents. They are tax-paying residents of the State of Hawaii.

Vacation rentals do not need to be forced under rental agents. The owners that care for their home and take pride in their home can provide a more warm and welcoming feel to the visitors. Most have a family member, a friend, a neighbor, or a caretaker backing them up for any emergency. I doubt that any are left totally unattended by the owners.

Please work on getting vacation rentals legalized. Create an application with any reasonable fees necessary. Give them an operator's license. The economy NEEDS these vacation rentals. The owners want to do things right. Please give them a chance.

Hotels are not always the best accommodations for families with children. Many families will not make Hawaii their destination if they are forced to stay in a hotel.

I find it so hard to believe and very disturbing that Hawaii is attempting to ban something as useful as these private vacation rentals for the sake of a few disgruntled people. It reminds me of the Superferry when a handful of people opposed it, so many needed it, but we lost it.

Please do not allow the few to control the fate of these very much needed and very much appreciated vacation rentals.

Mahalo

FEB 15 2012 08:57 AM

LATE TESTIMONY

February 15, 2012

Re: I Oppose HB 1707

Dear Representative,

Please oppose HB 1707. What the Islands need is more permitting for Vacation Rentals and B&Bs, not more laws that will insure fewer tax collections.

Please help send HB 1707 back to the drawing board.

Mahalo,

**Tom Coulson
230 Paiko Drive
Honolulu, HI 96821
808 782-1750**

Testimony for HB1707 on 2/15/2012 2:00:00 PM

LATE TESTIMONY

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

Sent: Wednesday, February 15, 2012 11:53 AM

To: CPCtestimony

Cc: trennie@trevlin.ca

Categories: Red Category

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325

Testifier position: Support

Testifier will be present: No

Submitted by: Trevor Rennie

Organization: Majormaki US Holdings LLP

E-mail: trennie@trevlin.ca

Submitted on: 2/15/2012

Comments:

Testimony for HB1707 on 2/15/2012 2:00:00 PM
mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

LATE TESTIMONY

Sent: Wednesday, February 15, 2012 12:21 PM
To: CPCtestimony
Cc: george@horizonbound.com
Categories: Red Category
Attachments: HB 1707.docx (13 KB)

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325
Testifier position: Oppose
Testifier will be present: No
Submitted by: George Nader
Organization: Individual
E-mail: george@horizonbound.com
Submitted on: 2/15/2012

Comments:

LATE TESTIMONY

HB 1707

Position: Oppose

As a property owner I find it unrealistic and unreasonable to have the state force an independent owner to use services that I do not need. I pay my various taxes, on time and in full every month. By forcing the use of the services of a broker or property management company as tax collectors in order to prevent cheating by a minority in the community is wasteful for all parties involved. To disguise this as protection for the vacationer is inappropriate. In most situations that arise out of the emergencies neither the broker nor the management company can respond any quickly then owner that has gone to the trouble of setting up proper support for their unit. After all one unsatisfied customer for these owners leads to wide broadcast of poor service. It is not in any owner's interest to attract that type of attention.

There is a better way to approach this: issue permits which have to be displayed in all advertising. If the permit number does not match the owner's information in the states records then you have the first step in enforcement for follow up.

Testimony for HB1707 on 2/15/2012 2:00:00 PM
mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

LATE TESTIMONY

Sent: Wednesday, February 15, 2012 12:22 PM
To: CPCtestimony
Cc: air2sea@att.net
Categories: Red Category
Attachments: HB 17071 Vacation rentals.docx (13 KB)

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325
Testifier position: Oppose
Testifier will be present: No
Submitted by: Gregory James
Organization: Individual
E-mail: air2sea@att.net
Submitted on: 2/15/2012

Comments:

LATE TESTIMONY

HB 1707

As a property owner I oppose this bill. In effect the State is going to drive up costs for all owners. The cheats will keep finding ways to cheat, the rest of us get left with more costs. There are already laws and rules on the books to catch the cheats this Bill not be any more effective but it will cost everyone more. I as an owner will certainly consider liquidating my property and taking my money elsewhere, because a 30% rise in costs is unsustainable for me and I am sure thousands of other owners. If you force this upon the vacation rental community you will most certainly see your tax revenues drop as legitimate and honest owners who have been abiding by the rules and paying their taxes will simply close up shop and leave. No one can sustain a 30% rise in costs at a drop of a hat. You will end up with more properties in foreclosure and thus more stress on all the businesses involved in the vacation rental business.

Testimony for HB1707 on 2/15/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

LATE TESTIMONY

Sent: Wednesday, February 15, 2012 12:27 PM
To: CPCtestimony
Cc: SherlBlod@aol.com
Categories: Red Category

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325
Testifier position: Oppose
Testifier will be present: No
Submitted by: Gladys Sherley Blodgett
Organization: Individual
E-mail: SherlBlod@aol.com
Submitted on: 2/15/2012

Comments:

Does not this proposal under 237D conflict with Chapter 467 which states one must be a real estate broker to "lease or offer to lease" any real estate with the exception of when an employed custodian or caretaker is acting for "one single owner"? This amendment appears to require a realtor whether there are any number of units involved, including only one.

Testimony for HB1707 on 2/15/2012 2:00:00 PM

LATE TESTIMONY

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

Sent: Wednesday, February 15, 2012 12:29 PM

To: CPCtestimony

Cc: george@horizonbound.com

Categories: Red Category

Attachments: HB 1707GNader.docx (13 KB)

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325

Testifier position: Oppose

Testifier will be present: No

Submitted by: George Nader

Organization: Individual

E-mail: george@horizonbound.com

Submitted on: 2/15/2012

Comments:

LATE TESTIMONY

HB 1707

Position: Oppose

As a property owner I find it unrealistic and unreasonable to have the state force an independent owner to use services that I do not need. I pay my various taxes, on time and in full every month. By forcing the use of the services of a broker or property management company as tax collectors in order to prevent cheating by a minority in the community is wasteful for all parties involved. To disguise this as protection for the vacationer is inappropriate. In most situations that arise out of the emergencies neither the broker nor the management company can respond any quickly then owner that has gone to the trouble of setting up proper support for their unit. After all one unsatisfied customer for these owners leads to wide broadcast of poor service. It is not in any owner's interest to attract that type of attention.

There is a better way to approach this: issue permits which have to be displayed in all advertising. If the permit number does not match the owner's information in the states records then you have the first step in enforcement for follow up.

Testimony for HB1707 on 2/15/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

LATE TESTIMONY

Sent: Wednesday, February 15, 2012 12:30 PM

To: CPCtestimony

Cc: SherlBlod@aol.com

Categories: Red Category

Attachments: Does not this proposal un~1.docx (13 KB)

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325

Testifier position: Oppose

Testifier will be present: No

Submitted by: Gladys Sherley Blodgett

Organization: Individual

E-mail: SherlBlod@aol.com

Submitted on: 2/15/2012

Comments:

Does not this proposal under 237D conflict with Chapter 467 which states one must be a real estate broker to "lease or offer to lease" any real estate with the exception of when an employed custodian or caretaker is acting for "one single owner"? This amendment appears to require a realtor whether there are any number of units involved, including only one.

Testimony for HB1707 on 2/15/2012 2:00:00 PM
mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

LATE TESTIMONY

Sent: Wednesday, February 15, 2012 12:31 PM
To: CPCtestimony
Cc: air2sea@gmail.com
Categories: Red Category
Attachments: HB 17071 Vacation rentals.docx (13 KB)

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325
Testifier position: Oppose
Testifier will be present: No
Submitted by: Tim Bryant
Organization: Individual
E-mail: air2sea@gmail.com
Submitted on: 2/15/2012

Comments:

As a property owner I oppose this bill. In effect the State is going to drive up costs for all owners. The cheats will keep finding ways to cheat, the rest of us get left with more costs. There are already laws and rules on the books to catch the cheats this Bill not be any more effective but it will cost everyone more. I as an owner will certainly consider liquidating my property and taking my money elsewhere, because a 30% rise in costs is unsustainable for me and I am sure thousands of other owners. If you force this upon the vacation rental community you will most certainly see your tax revenues drop as legitimate and honest owners who have been abiding by the rules and paying their taxes will simply close up shop and leave. No one can sustain a 30% rise in costs at a drop of a hat. You will end up with more properties in foreclosure and thus more stress on all the businesses involved in the vacation rental business.

Testimony for HB1707 on 2/15/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

LATE TESTIMONY

Sent: Wednesday, February 15, 2012 12:33 PM
To: CPCtestimony
Cc: SherlBlod@aol.com
Categories: Red Category
Attachments: Poposed H.B. No. 1707 H.D~1.docx (13 KB)

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325
Testifier position: Oppose
Testifier will be present: No
Submitted by: Gladys Sherley Blodgett
Organization: Individual
E-mail: SherlBlod@aol.com
Submitted on: 2/15/2012

Comments:

Does not this proposal under 237D conflict with Chapter 467 which states one must be a real estate broker to "lease or offer to lease" any real estate with the exception of when an employed custodian or caretaker is acting for "one single owner"? This amendment appears to require a realtor whether there are any number of units involved, including only one.

HB1707, Relating to Transient Accommodations

SherlBlod@aol.com [SherlBlod@aol.com]

Sent: Wednesday, February 15, 2012 12:43 PM

To: CPCtestimony

LATE TESTIMONY

Aloha,

Does not this proposal under 237D conflict with Chapter 467 which states one must be a real estate broker to "lease or offer to lease" any real estate with the exception of when an employed custodian or caretaker is acting for "one single owner"? This amendment appears to require a realtor whether there are any number of units involved, including only one.

Sherley Blodgett
3823 Lwr Honoapiilani Rd, Apt 317
Lahaina, HI 96761-8911
Tel: 808-669-5305
Email: SherlBlod@aol.com

LATE TESTIMONY

We oppose HB 1707


This bill is a little premature for you to pass since Oahu has not dealt with the vacation rental issue.

The vacation rental issue needs to be dealt with first since real estate license agents are not allowed to handle anything less than a 30 day rental. This makes real estate agents subject to losing their license and having to go in front Rico and being fined...

Do not pass this at this time.....

Work on the real issue: license the short term rentals.

Norris Sandvold


808-372-2800

Don't force me to use an admīstrator to manage a ondo.

Tim Caudill [w2gasdoc@charter.net]

LATE TESTIMONY

Sent: Wednesday, February 15, 2012 1:07 PM

To: CPCtestimony

Categories: Red Category

I am an off Island owner of a condo. I resent you forcing me to use a service if I decide to rent my condo. This is not fair.
Tim Caudill

Sent from Tim's iPad

LATE TESTIMONY

Dear Honorable Public Servant:

I am writing to urge you to vote no on SB2089 and HB1707, two ill-conceived bills that are certain to decimate rental property values in Hawaii and reduce tax revenue for the State.

We are licensed property owners and small rental business operators who have invested in a Kapalua Golf Villa on Maui. Last year we paid over \$8200 in property, GE and TA taxes. We have paid every tax dollar owed since purchasing our unit in 2005. For the first two years as owners, we employed a local realty company, but found service provide our customers to be substandard, responsiveness to our needs as owners to unacceptable, and cost to us to be prohibitive. Often, the Real Estate Agents fees consumed over 50% of the monthly gross revenue. Without an alternative, our business would have failed and the State of Hawaii would lose most of the annual taxes we pay plus the taxes paid by those on island we employ.

The bills under consideration are poor legislation for many reasons:

1. The bills do not directly address the alleged problem. At issue is the enforcement of GE and TA tax payment. Fines, criminal prosecution, and penalties already exist to deal with tax fraud and we encourage the state to prosecute those who disobey the state tax law. Simply requiring all owner-renters to post their license in their property listings/advertisements would discourage tax-cheating owners. We encourage such action to create a fair, competitive free-market environment for us all.
2. Instead, these bills create a new crime requiring additional government agents to enforce: the crime of not hiring a Hawaiian-based Real Estate Agent to control our assets and manage our business. What other industry is required by the government to hand control of their business to outsiders whose sole function is to collect our revenues and take 25-50% for the privilege?
3. These bills apply only to those rental businesses owned by non-resident owners. We have uncovered no data indicating that non-resident owners are more likely to circumvent taxes than resident owners.
4. The proposed legislation makes no provision to reward those property owners that have honestly paid their GE and TA taxes all along, but penalizes all of us for the actions of a select few.
5. These bills would further reduce Hawaii's competitiveness as a vacation destination. They would create unnecessary inefficiencies and expenses to be borne by our customers and us as owners. Hawaii already has among the highest combined excise and lodging tax rates (13.42%) in the United States. Its distance from population centers and the cost of transportation create significant competitive disadvantages for the State. These bills add yet another cost disadvantage in competing for vacationers' travel dollars.
6. These bills impose an extraordinary burden on this select group of owners rendering Hawaiian real estate rental property less attractive. If these bills pass, it will force many owners to sell their rental property further pressuring Hawaii's already depressed real estate market. Lower values will translate into lower property tax revenues.
7. These bills represent an unfair government taking of property rights without due compensation to the owners. We calculate that the discounted cash flow cost of the net additional expense (with no benefit to our customer or to us) to be \$85,000. This additional expense will be capitalized by the

LATE TESTIMONY

market place with a commensurate reduction in our property value, an approximate 15% reduction. Multiplied by the 186 units in our complex, this represents the destruction of property value in our small community alone of nearly \$16 million. We seriously question whether collection of additional GE and TA taxes from the Golf Villas t will offset the loss in property taxes collected.

8. Finally, these bills are perceived by many as the very worst in cronyism, where the government rewards one constituency at the expense of another. Such action by government destroys the small business wealth-creating engine on which we all depend for our employment, our tax revenue, and our livelihoods.

Please vote no on this poorly conceived idea and protect Hawaii's property values.

Sincerely,

Kenneth C. McCorkle
Constance G. McCorkle
Owners
Kapalua Golf Villas 17-T-7
Haleaikane@gmail.com
vrbo.com/69999

LATE TESTIMONY

Testimony for HB1707 on 2/15/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

Sent: Wednesday, February 15, 2012 1:54 PM

To: CPCtestimony

Cc: Ewcoulter@mac.com

Categories: Red Category

Testimony for CPC/JUD 2/15/2012 2:00:00 PM HB1707

Conference room: 325
Testifier position: Oppose
Testifier will be present: No
Submitted by: Eric Coulter, MD
Organization: Individual
E-mail: Ewcoulter@mac.com
Submitted on: 2/15/2012

Comments:

To Hawaii State Legislators,

I am an Alaskan resident with rental property in Hawaii and I oppose this bill for the following reasons:

1. Added expense to owners without benefit to us
2. Disincentive for additional investment in Hawaiian real estate
3. Appears as short term boost to realtors which will eat at the root of future growth of the market if free enterprise is restrained or discouraged.
4. Reflects poorly on independent legislative thought and appears as catering to the realtors lobbyists
5. Loss of local jobs for individuals utilized locally for the rental units with funds diverted to the realty firms
6. Increase in rental rates to accommodate increased costs with realty firms expense resulting in lower rental frequency tourism dollars to the state .

Please defeat this counterproductive bill hb1707.

Sincerely,

Eric Coulter, MD

Testimony for HB1707 on 2/15/2012 2:00:00 PM

LATE TESTIMONY

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

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