

**NEIL ABERCROMBIE**  
GOVERNOR

**BRIAN SCHATZ**  
LT. GOVERNOR



**STATE OF HAWAII**  
**DEPARTMENT OF TAXATION**

P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
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**FREDERICK D. PABLO**  
DIRECTOR OF TAXATION

**RANDOLF L. M. BALDEMOR**  
DEPUTY DIRECTOR

**To:** The Honorable Marcus R. Oshiro, Chair,  
and Members of the House Committee on Finance

**Date:** Thursday, February 23, 2012

**Time:** 1:00 P.M.

**Place:** Conference Room 308, State Capitol

**From:** Frederick D. Pablo, Director  
Department of Taxation

**Re: H.B. No. 2078, H.D. 1, Relating to Taxation**

The Department of Taxation (Department) supports this measure.

H.B. 2078, H.D. 1 requires that all advertisements and solicitations for transient accommodations conspicuously display the registration identification number issued by the Department under Section 237D-4, Hawaii Revised Statutes.

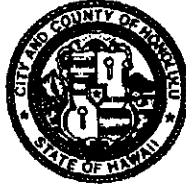
The Department believes this measure will aid transient accommodations tax compliance.

Thank you for the opportunity to submit comments.

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET, 7<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
PHONE: (808) 768-8000 • FAX: (808) 768-6041  
DEPT. WEB SITE: [www.honoluluodpp.org](http://www.honoluluodpp.org) • CITY WEB SITE: [www.honolulu.gov](http://www.honolulu.gov)

PETER B. CARLISLE  
MAYOR



DAVID K. TANOUE  
DIRECTOR

JIRO A. SUMADA  
DEPUTY DIRECTOR

February 23, 2012

The Honorable Marcus R. Oshiro, Chair  
and Members of the Committee on Finance  
House of Representatives  
State Capitol  
Honolulu, Hawaii 96813

Dear Chair Oshiro and Members:

Subject: House Bill No. 2078, HD1  
Relating to Taxation

The Department of Planning and Permitting **supports** House Bill No. 2078, HD1, which requires that all advertisements and solicitations for transient accommodations conspicuously display the registration identification number and to provide a local agent contact information if the operator resides off-island or out-of-state.

Requiring that the registration identification number be conspicuously displayed adds another source of public information that can be used by State and City enforcement agencies in support of their arduous task of conducting regulatory enforcement. History has shown that regulating transient accommodation operations can be a difficult task. The display of the registration identification number, which is uniquely valid for a specific unit, will certify and confirm the use.

Please adopt House Bill No. 2078, HD1. Thank you for this opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read "David K. Tanoue", is written over a horizontal line.

David K. Tanoue, Director  
Department of Planning and Permitting

DT:jmf  
hb2078hd1-TaxRegisID-mf.doc



**OUTRIGGER**

ENTERPRISES GROUP

*Hospitality • Retail • Development*

HOUSE OF REPRESENTATIVES  
THE TWENTY-SIXTH LEGISLATURE  
REGULAR SESSION OF 2012

COMMITTEE ON FINANCE  
Representative Marcus R/ Oshiro, Chair

2/23/12

Rm. 308, 1:00 PM

HB 2078, HD 1  
Relating to Taxation

Chair Oshiro and Members of this Committee, my name is Max Sword, here on behalf of Outrigger Hotels Hawaii to comment on the bill.

While we support the intent of the bill, we see a problem with the language as written.

Although the bill refers to the "operator or plan manager's tax registration identification number" the problem is that, under HRS 237D-8.5, it's the owner of the condo unit who is required to get the GET/TAT ID number. When a management company files the GET and TAT returns for the condo owners with units in a rental program, they use the owner's GET & TAT numbers, not the companies, because the room revenue is income to the owner and so the owner pays the tax.

So if we were to do an ad to promote a property, listing all the ID numbers in an advertisement for a project with a thousand rooms, like the Ala Moana Hotel, the ID numbers may cover a fourth or a third of the page and if we advertise all the properties in our inventory, the numbers would cover half the advertisement.

Perhaps modifying the language to say that, if the number of transient accommodations covered by the ad is less than, say 6 units, the numbers must be listed. If the number of transient accommodations covered by the ad is 6 or more units, then ad must contain a notice that the tax registration identification numbers are on file with the State DOT.

Thank you for allowing me to testify.



*Maui Hotel & Lodging*  
ASSOCIATION

Testimony of  
**Carol Reimann**  
Executive Director  
Maui Hotel & Lodging Association  
on  
**HB2078, HD1**  
**Relating to Transient Accommodations**

COMMITTEE ON FINANCE  
**Thursday, February 23, 2012, 1:00pm**  
**Room 308**

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 130 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 10,000 local residents.

MHLA opposes HB2078 HD1 which would require all advertisements and solicitations for transient accommodations conspicuously display the registration identification number of each subject property.

While we believe that the intent of the bill is admirable, the reality is that an unintentional consequence of this bill will increase the cost of doing business to legitimate transient accommodations rental companies who already pay their fair share of taxes. Currently, property rental management programs such as Outrigger, Aston, Classic Resorts, etc. represent literally hundreds of independent vacation rental properties. Requiring the listing of all registration numbers represented by each management company on all of their advertisements would be a waste of precious and costly advertising space; reduce the effectiveness of our advertising in a highly competitive market and clutter the message of Hawaii as a desirable destination.

We urge you to oppose HB2078 HD1.

Thank you for the opportunity to testify.



February 22, 2012

Via Facsimile 586-6001  
Committee on Finance  
Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair  
415 South Beretania Street  
Honolulu, Hawaii 96813

RE: H.B. No. 2078, HD 1 Relating to Taxation

Dear Representative Oshiro and Representative Lee:

My name is Kelvin Bloom. I am the Manager and President of Aston Hotels & Resorts, LLC, which operates resort rental programs in 18 condominium projects in the State of Hawaii. I am writing regarding H.B. No. 2078, HD1 which seeks to enforce transient accommodations tax compliance by requiring all advertisements and solicitations for transient accommodations to display the tax registration identification for the subject property. I oppose H.B. No. 2078, HD1 Relating to Taxation.

While the intent of the bill is good, it will place an unreasonable burden on real estate management companies such as Aston Hotels & Resorts which manages and advertises hundreds of vacation rentals at a time. The placement of the tax registration identification number for each rental unit in advertisements will be very cumbersome. For example, Aston manages and rents approximately 972 condominium units on the island of Oahu alone. If Aston were to place any advertisement for those units, Aston would have to list the registration number for potentially 972 units. Attached for your reference is a mock-up of a current Aston advertisement with and without the tax registration numbers listed.

Additionally, if Aston were to jointly place an advertisement with other visitor industry groups such as the Hawaii Visitors and Convention Bureau, such advertisement would be required to list the tax registration numbers for all Aston managed units as well as the tax registration numbers for all units managed by other condominium hotel operators participating in the joint advertisement. The resulting advertisement would be extremely large, awkward, clumsy and very costly.

We urge you to hold this measure. Thank you for the opportunity to  
testify.

Sincerely,

  
for Kelvin Bloom



130 KAI MALINA PKWY LAHAINA, HI 96751  
TEL 808 662 2500 TOLL FREE 866 716 5759  
FAX 808 662 2571 honuukai.com

February 22, 2012

The Honorable Tom Brower, Chair  
and Members of the Committee on Tourism  
House of Representatives  
State Capitol  
Honolulu, Hawaii 96813

Subject: House Bill No. 2078 – Relating to Taxation

Dear Chair Brower and Members:

Honua Kai Resort and Spa opposes H.B. 2078 as it will impose an unfair burden on our operation as well as all other condominium rental companies throughout the State. It is our understanding that this bill would require any company managing multiple units to list the registration numbers of each unit under management in advertisements. The financial burden this would create is unacceptable and the verbiage itself would completely dominate any such ad.

While we understand the need to track transient rental activity, any bill requiring substantive changes in marketing budgets and advertising messaging should receive careful consideration before being implemented. In addition, if the purpose of this bill is to track and identify legal transient accommodations, the State and County governments already have all the information they need. The unintended consequences of this bill could be rather dramatic and ultimately do more harm than good.

Thank you for the opportunity to comment on HB No. 2078.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven Rose".

Steven Rose  
General Manager

1580 Makaloa St., Ste. 945  
Honolulu, HI 96814



No. Tel: 808.944.8777  
Fax: 808.944.8788

February 23, 2012

Via email

Committee on Finance  
Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair  
415 South Beretania Street  
Honolulu, HI 96813

**RE: H.B. No. 2078, HD1 Relating to Taxation**

Dear Representative Oshiro and Representative Lee,

My name is Bradley Shin. I am a Partner and Creative Director of Hendrix Miyasaki Shin Advertising, a Hawaii-based advertising agency that has been in business for 17 years. We create many of the newspaper and magazine ads for Aston Hotels & Resorts. As such, I am writing in regard to H.B. No. 2078, HD1 which seeks to require that all advertisements and solicitations for transient accommodations to display tax registration identification for the subject property.

Our agency strongly opposes this bill for the following reasons:

- Given the sheer number of condominium units Aston represents (972 on Oahu alone), and the fact that many are independently owned thus requiring a unique tax registration number, the potential amount of tax numbers we would be required to include in an ad could number in the hundreds, visually overwhelming any ad. In an industry where the beauty of Hawaii is a key selling point to visitors, an ad half-filled with tax numbers will be a difficult enticement.
- Properties that have smaller ad budgets, and therefore smaller ads, would be disproportionately impacted since more of their ad space would be taken up by tax numbers. For example, 50 tax numbers in a quarter-page ad will eat up a greater proportion of the ad than the same 50 tax numbers in a full-page ad. These smaller properties will face the prospect of having to increase their ad sizes at great cost, or discontinue their ad campaigns at great risk to their future bookings.



1580 Makaloa St., Ste. 945  
Honolulu, HI 96814



No. Tel: 808.944.8777  
Fax: 808.944.8788

- In the course of the year, we will create over 200 unique Aston ads. Each ad may feature anywhere from 1 to 25 Aston properties, thus for every ad we create, we will need to add or delete potentially hundreds of tax numbers. Additional staff hours will be required to manage all the tax numbers (including updating the numbers whenever units change ownership), track that the right numbers go into the right ads, and proofread the hundreds of numbers to make sure no typos exist prior to the ad being sent to the publication.
- The majority of ads we create for Aston run in national and international publications as far away as Australia. Tracking down proofs of all these ads in these far flung magazines will be very difficult and time consuming.

While the intent of the bill is good, the burden to our agency, our client Aston, and other real estate management companies will be huge in terms of higher advertising costs, less appealing ads (resulting in lower bookings), and much greater complexity.

Thank you for considering our testimony on this matter.

Sincerely,

A handwritten signature in black ink, appearing to be "BS" followed by a flourish.

Bradley Shin  
Partner/Creative Director

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

David C. Arthur, P.Eng.  
Partner, Deloitte & Touché, LLP  
38 Evercreek Bluffs Rd. SW  
Calgary, Alberta, Canada  
T2Y 4P4

Regarding HB No. 2078 HD 1 and preceding

Dear Sir:

I am in the process of purchasing a condominium unit on Maui with the expressed purpose of renting the unit for short-term vacation rental. I intend to do so without the involvement of an agent, through VRBO and/or other internet means. I further intend to register to charge, collect and remit the appropriate state taxes and to remit them as required.

This should be the case for any and all landlords in the state and failure to do so should be subject to regular enforcement just like any other business.

My concern with the amended legislation is that you are requiring me to use a SPECIFIC intermediary, with an associated cost, that will become a burden to the financial metrics of my business. It also presupposes that I will not do this.

There must be a problem with landlords not doing this; otherwise you would not have heard the recommendation to amend the legislation.

I appreciate that you will have fewer "points of contact" if you modify this regulation in the pursuit of making sure that the collections are remitted; however you are passing the compliance cost onto a group of people that essentially have no say in the outcome because we are not able to vote.

I believe that the common good would be best served in making sure that the current landlords are registered to remit the tax and are complying with their obligation to remit the tax. This can be done with the second amendment on the current docket: HB 2078. HD1 associated with displaying the registration number on any and all advertisement for rent. BUT NOT TOP THERE. Then it will be easier to relate a landlord to a property and the appropriate body can check the tax received related to a particular property. I see no need to require that a real estate person be the point of contact on the island – you are then cutting out another segment of the workforce who provide this service today.

Certainly, I am not in favor of having Real Estate Agents or Sales-people making a niche role for themselves as the body in charge of this remittance or of being the sole source representative for property owners.

I can appreciate that poor economic times drive specific behaviors. This kind of sweeping economic change does not present the appropriate level business certainty that is required for investors to make sound investments in Hawaii.

I hope that you consider this reasoning in your decision making for this amendment.

Thank you. If you would like to discuss this with me in person, I can be reached at 403-612-2659.

Sincerely

*David C Arthur*

David Arthur, P.Eng.  
Partner  
Deloitte & Touché, LLP

Greg A. Rosenbaum  
130 Kai Malina Parkway  
Unit K-651  
Lahaina, HI 96761

Greg A. Rosenbaum  
9140 Vendome Drive  
Bethesda, MD 20817

February 23, 2012

Committee on Finance  
Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair  
415 South Beretania Street  
Honolulu, Hawaii 96813

RE: H.B. No. 2078, HD 1 Relating to Taxation

Dear Chair Oshiro and Vice Chair Lee:

My name is Greg Rosenbaum and I write in opposition to H.B. 2078. I argue that the problem addressed by H.B. 2078 is far more efficiently solved by other legislation under your consideration, H.B. 1707.

By way of background, I am currently president of the Honua Kai Condominium Homeowners Association on Maui. From 1999 to 2005, I served on the board of the AOA of The Whaler on Kaanapali Beach, holding the position of president for three of those six years.

I am very familiar with issues related to vacation rentals, both from my experience on HOA boards at condominium projects where more than half of all units are offered for rent, and from personal experience with my own units. This testimony is my personal opinion and not that of any other entity.

With the increasing availability of ways individual homeowners can rent their apartments easily via the Internet and related media, many homeowners have chosen to withdraw from traditional, hotel-like programs which are generally contracted for by homeowners associations to provide professional management and quality front desk services to tourists. Companies such as Aston, Outrigger, Classic Resorts and Intrawest, experienced hotel operators all, run these programs. As either licensed Hawaii businesses or foreign corporations qualified to do business in Hawaii, these companies are visible, well known to taxing and other authorities and subject to a coherent set of regulations.

There is little or no issue with respect to the collection of TA and GE taxes for rental units managed by these operators. Indeed, most owners renting a unit through these programs have the operator collect the taxes from the guest, file all paperwork and pay the taxes collected directly to the authorities.

Individuals renting units on their own via the Internet create the prospect that many homeowners won't obtain TA and GE tax licenses, collect taxes from guests and/or pay the taxes due to the authorities. If owners offering such units for rent do not reside in Hawaii, they may be beyond the effective reach of the state's enforcement capacity.

H.B. 1707 is a response to this situation, requiring all nonresident owners who offer transient accommodations to offer that property only through licensed Hawaii real estate brokers or salespersons. In that way, the state would have a way to audit all such rentals and a viable enforcement mechanism for Hawaii's legitimate interest in collecting all taxes due.

Responding to the introduction of H.B. 1707, some owners who rent their own units suggested instead that the state require the listing of tax ID numbers in all rental advertisements. H.B. 2078 embodies that idea, but it is bad enforcement policy and a broad overreach in its affect on licensed Hawaii businesses. From an enforcement standpoint, it is difficult to imagine the hard working employees of the Department of Taxation and other regulatory agencies reading every advertisement on the Internet for every rental property in Hawaii, recording the included tax ID number and then doing some sort of match to filed returns. As long as any return is filed under the advertised tax ID, how will the state know whether the tax paid is what the law requires? The only actual knowledge the authorities will have is that a unit was offered for rent and some tax was collected. It will not know how many days the unit was rented, for what rate it actually rented, and what taxes are therefore due.

By contrast, requiring that all rentals be offered through a licensed real estate broker or salesperson is a far more reasonable means of enforcing tax law. As the licensed broker or salesperson stands to lose its ability to do business in the state, or worse, if it falsely files tax returns or fails to pay all taxes, it is far more likely that the state will receive all taxes due. Additionally, the regulatory agencies can readily identify and audit the far smaller number of licensed brokers and salespersons in Hawaii than it can individual owners of rental properties who may reside anywhere in the world.

There is an ancillary benefit to the state from the approach of H.B. 1707 compared to H.B. 2078. If tourists have serious problems with a property they rented from an individual owner located halfway around the globe, there is often no one to turn to for assistance. By requiring all transient accommodations to be offered through a licensed broker or salesperson, guests will know that someone within the state can be called to handle problems. This will enhance the vacation experience of the guests and generally benefit the Hawaii tourism industry.

The regulatory scheme set out in H.B. 2078 broadly overreaches in its applicability to large rental program operators such as Outrigger and Aston. As noted above, these companies are licensed Hawaii corporations or qualified foreign corporations. They collect and pay TA and GE tax on hotel rooms in the hotels they run and on condominium properties they manage. Given these companies' high visibility to state officials, it is a relatively easy task to audit their books to determine that all taxes due were collected and paid. To require these operators to list in all advertisements the tax ID numbers of perhaps hundreds of units per property creates an expensive burden, increases the cost of advertising and likely obscures the message for potential vacationers that Hawaii is a beautiful and fun place to visit. The application of H.B. 2078 to these companies is entirely unnecessary. Should there be any concern about tax remittances by owners who place their units for rent with these operators, the simpler solution is to make mandatory the collection and remittance of taxes for their units by the operator.

Rejecting H.B. 2078 and passing H.B. 1707 or similar legislation will create a simpler enforcement scheme for the collection of taxes due to the state from vacation rentals, will insure that all vacationers are taxed equally regardless of how they rented their accommodations, will provide a much smaller universe of tax collection points and have real consequences for the brokers and salespersons who don't comply with tax laws..

I urge you to reject S.B. 2078 for the reasons noted above and appreciate the opportunity to comment on this legislation.

Sincerely,



Greg A. Rosenbaum

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**ent:** Tuesday, February 21, 2012 5:30 PM  
**To:** FINTestimony  
**Cc:** gayle.kona101@gmail.com  
**Subject:** Testimony for HB2078 on 2/23/2012 1:00:00 PM

Testimony for FIN 2/23/2012 1:00:00 PM HB2078

Conference room: 308  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Gayle Mackey  
Organization: Individual  
E-mail: [gayle.kona101@gmail.com](mailto:gayle.kona101@gmail.com)  
Submitted on: 2/21/2012

**Comments:**

Have to display our Personal information on a Website is an Invasion of the Owners Privacy. No one wants their Social Security number out floating around and displayed for anyone to get it as no one was this Information Displayed. With All of the Hackers that are out there with PHishing Issues on the Internet this would Open us ALL up to an Invasion of Our Privacy and Personal Details to Display this Informaion on the Internet.

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 21, 2012 5:26 PM  
**To:** FINTestimony  
**Cc:** dvgarlock@pacifier.com  
**Subject:** Testimony for HB2078 on 2/23/2012 1:00:00 PM

Testimony for FIN 2/23/2012 1:00:00 PM HB2078

Conference room: 308  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Dennis Garlock  
Organization: Individual  
E-mail: [dvgarlock@pacifier.com](mailto:dvgarlock@pacifier.com)  
Submitted on: 2/21/2012

**Comments:**

Please vote NO.

This is simply another grab by real estate management companies.

I have no quarrel with the provision to require that tax id's be included in advertising for transient rentals.

However, the requirement to include an island representative is not needed, and unduly burdens individuals renting their own properties and the state.

How can this be policed? This does not benefit the state, only adds to responsibilities for the state on behalf of real estate management companies. The same arguments can be used as are those against HB 1707.

Please vote NO.

Thank you.

Dennis Garlock

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**ent:** Wednesday, February 22, 2012 8:14 AM  
**fo:** FINTestimony  
**Cc:** d\_seagars@yahoo.com  
**Subject:** Testimony for HB2078 on 2/23/2012 1:00:00 PM

Testimony for FIN 2/23/2012 1:00:00 PM HB2078

Conference room: 308  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Dana Seagars  
Organization: Individual  
E-mail: [d\\_seagars@yahoo.com](mailto:d_seagars@yahoo.com)  
Submitted on: 2/22/2012

### Comments:

As a non-resident owner of a home rented part time to visitors to Kailua (Oahu), I strongly oppose this bill. I understand the intent is to facilitate that HI taxes are paid - which we do rigorously. However, requiring me to post my social security number or tax id on "ads" (e.g. my internet site) will expose me to IDENTITY THEFT. This is an unwarranted intrusion on my privacy and unnecessary for ensuring taxes are paid by this cottage industry. There is a perception problem that we non-residents don't pay taxes, in fact the vast majority of us are law abiding contributors to HI's tax base and economy. We strongly support enforcement of those requirements. This however is not the way to track compliance. I strongly suspect this bill and HB 1707 would be found unconstitutional and discriminatory (e.g. applies only to "non-resident owners" Really?). There will be huge economic consequences to the state if through these bills you force non-residents out of the business of providing a needed service to visitors of the state we all cherish. Please do not use a sledge hammer on small businesses when appropriate law enforcement of the scant scoffaws would resolve the issue. Please oppose HB2078. Mahalo.

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**ent:** Wednesday, February 22, 2012 8:38 PM  
**To:** FINTestimony  
**Cc:** svandiamo99@gmail.com  
**Subject:** Testimony for HB2078 on 2/23/2012 1:00:00 PM

Testimony for FIN 2/23/2012 1:00:00 PM HB2078

Conference room: 308  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Sylvia Remington  
Organization: Individual  
E-mail: [svandiamo99@gmail.com](mailto:svandiamo99@gmail.com)  
Submitted on: 2/22/2012

### Comments:

I am totally opposed to this bill. I do not see a reason to have a property manager other than myself. I have used property managers in the past and first of all visitors have told them they much prefer to rent from me personally, and I prefer the same. I have a lot of contact thru email and phone calls with my renters and they feel like friends before they even check-in and they act as though they take some ownership in my condos and take very good care of them. I do not wish for someone else to represent me. These are my properties and I take them very personally.



## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**ent:** Wednesday, February 22, 2012 12:30 PM  
**fo:** FINTestimony  
**Cc:** pyellandcga@shaw.ca  
**Subject:** Testimony for HB2078 on 2/23/2012 1:00:00 PM

Testimony for FIN 2/23/2012 1:00:00 PM HB2078


Conference room: 308  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Peggy Yelland  
Organization: Individual  
E-mail: [pyellandcga@shaw.ca](mailto:pyellandcga@shaw.ca)  
Submitted on: 2/22/2012

**Comments:**

I support HB2078 in lieu of HB1707 and feel, in my opinion, this bill will serve the same purpose as HB1707 without the detrimental effects on the economy.

*Castle Resorts & Hotels*  
Hawaii · Micronesia · New Zealand

February 22, 2012

Committee on Finance   
Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair  
415 South Beretania Street  
Honolulu, Hawaii 96813

RE: H.B. No. 2078, HD 1 Relating to Taxation

Dear Representatives Oshiro and Lee:

My name is Alan Mattson and I am the president and chief operating officer of Castle Resorts & Hotels, Inc. which operates resort rental programs for 19 condominium projects in the State of Hawaii. Today I write to voice my opposition to H.B. No. 2078, HD1, which seeks to enforce transient accommodations tax compliance by requiring all advertisements and solicitations for transient accommodations display the tax registration identification for the subject property.

The proposed requirements would be unduly burdensome, costly, and ultimately would greatly inhibit our ability to market our properties and Hawaii as a destination. While we agree the intent of the bill is appropriate, if enacted as drafted it will place an unreasonable encumbrance on Castle Resorts & Hotels, along with other real estate management companies that manage and advertise hundreds or thousands of vacation rentals at any given time.

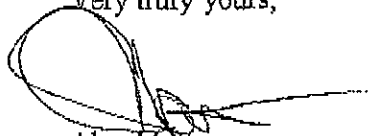
Simply stated, requiring placement of tax registration identification numbers for each rental unit represented in advertisements will preclude our ability to afford placement of advertisements in a wide range of publications. For example, Castle manages rentals for approximately 1,430 condominium units in Hawaii. If Castle were to place an advertisement for our Hawaii condominiums, Castle would be required to list the registration number for each of the 1,430 units. This would demand we purchase significantly larger advertisements and would likely prevent us from purchasing the majority of the media through which we continually market our accommodations and our representative island destinations.

Committee on Finance  
Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair  
Page 2  
February 22, 2012

Yet another detrimental effect of the proposed legislation would be the similar burden on marketing efforts of the Hawaii Visitors and Convention Bureau and other cooperative agencies. Castle regularly places joint advertisements with the HVCB and island chapters, as well as travel partners and tour operators. Advertisements placed by these groups would also be required to list the tax registration numbers for not only all Castle managed units, but also the tax registration numbers for all units managed by other condominium hotel operators participating in the joint advertisements. These advertisements would literally be burdened with the display of thousands of tax registration numbers, thereby requiring much larger advertisements at extremely high costs. These increased costs would likely prohibit a great number of advertisements currently placed by these agencies and their partners.

For each of the reasons above, we ask you to hold this measure. It is vital we not lose the ability to affordably advertise our condominium properties or our destination. Thank you for the opportunity to testify.

Very truly yours,



Alan Mattson  
President & COO  
Castle Resorts & Hotels

AA OCEANFRONT RENTALS *and* SALES  
An Associa® Company



February 22, 2012

Via Facsimile 586-6001

Committee on Finance

Representative Marcus R. Oshiro, Chair

Representative Marilyn B. Lee, Vice Chair

415 South Beretania Street

Honolulu, Hawaii 96813

RE: H.B. No. 2078, HD 1 Relating to Taxation

Dear Representative Oshiro and Representative Lee:

My name is Paul Gomez. I am the General Manager at AA Oceanfront Rentals and Sales on Maui. We operate a condominium resort rental business and have 150 units under contract in the Kihei / Wailea area. I am writing regarding H.B. No. 2078, HD1 which seeks to enforce transient accommodations tax compliance by requiring all advertisements and solicitations for transient accommodations to display the tax registration identification for the subject property. I oppose H.B. No. 2078, HD1 Relating to Taxation.

While the intent of the bill is good, it will place an unreasonable burden on real estate management companies such as AA Oceanfront which manages and advertises hundreds of vacation rentals at a time. The placement of the tax registration identification number for each rental unit in advertisements will be very cumbersome. For example, if AA Oceanfront were to place any advertisement for those units, AA Oceanfront would have to list the registration number for potentially 150 units.

Additionally, if AA Oceanfront were to jointly place an advertisement with other visitor industry groups such as the Hawaii Visitors and Convention Bureau, such advertisement would be required to list the tax registration numbers for all AA Oceanfront manages. The resulting advertisement would be larger than needed, awkward, clumsy and costly.

We urge you to hold this measure. Thank you for the opportunity to testify.

Sincerely,

Paul Gomez

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**DISTINCTIVE  
HOMES**  
HAWAII REAL ESTATE

February 22, 2012

Committee on Finance  
Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair  
415 South Beretania Street  
Honolulu, Hawaii 96813  
Via Facsimile 586-6001

RE: H.B. No. 2078, HD 1 Relating to Taxation

Dear Representative Oshiro and Representative Lee:


My name is Patrick W O'Neill, I am the principal broker for the local real estate firm Distinctive Homes Hawaii. I am writing to you to oppose H.B. No. 2078, HD1 Relating to Taxation.

Our firm handles various rentals on Oahu and manages two hotels and has strict procedures to ensure that our clients are always in compliance with the regulations regarding transient accommodations taxation. While the intent of the bill is good, the requirements contained would be overly burdensome in compliance.

We have submitted previous testimony and again suggest that all rentals in the state of Hawaii should be required to hire a licensed real estate entity that would then be responsible to ensure compliance to current taxation laws and regulations.

Thank you for your consideration.

Aloha,



Patrick W O'Neill R  
Principal Broker